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Boston

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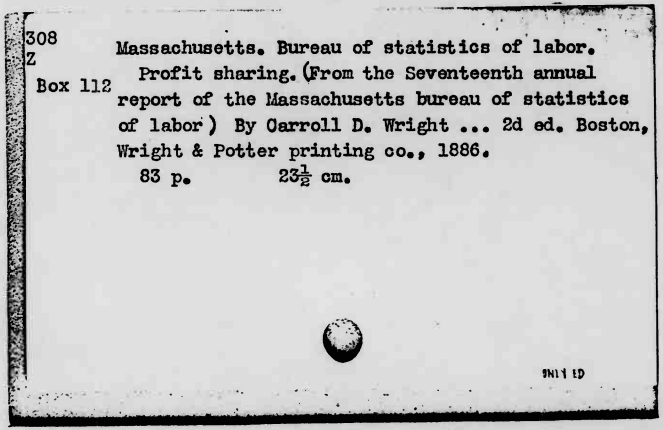
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PROFIT SHARING.

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[From the Seventeenth Annual Report of the Massachusetts Bureau of Statistics of Labor.]

BY

CARROLL D. WRIGHT,

CHIEF OF THE BUREAU OF STATISTICS OF LABOR.

Second Edition.

BOSTON:
WRIGHT & POTTER PRINTING CO., STATE PRINTERS,
18 Post Office Square.
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PROFIT SHARING.

The term profit sharing may be applied to any arrangement whereby labor is rewarded in addition to its wages or, in lieu of wages, by participation in the profits of the business in which it is employed. Benefits of various kinds, as insurance, schools, libraries, and beautiful surroundings, so far as maintained by employers out of their profits and enjoyed by employés as an addition to what their wages would purchase, would have to be regarded, in a strict analysis, as an indirect form of profit sharing. A sliding scale of wages, if adjusted to fluctuations of profit instead of to the changing market prices of the goods produced, would be a very direct and simple form of profit sharing. Whenever workmen own shares in the capital of the business that employs them they thereby, of course, participate, as capitalists, in its profits, and if in consequence of this arrangement the dividend is increased by the increased efficiency of the stock-owning workmen, the increment of increase that goes to those workmen is a reward of labor rather than of capital, and, therefore, a true case of profit sharing.

Usually, however, the term is understood to mean either a direct participation in profits in lieu of stipulated wages, or a bonus paid out of profits to labor in addition to customary wages. To these we add participation through a stock-owning by the employed workmen that is expressly contemplated and provided for in the constitution of a corporation. These three

NOTE. — The Bureau gratefully acknowledges the valuable services of Mr. Franklin H. Giddings, in the collection of material for, and the preparation of, "Profit Sharing."

forms of profit sharing and their combinations constitute the subject of the present investigation.

PROFIT SHARING IN EUROPE.

A direct allotment of a share of profits is one of the most ancient methods of rewarding labor. If not actually older than the wages system it was at least widely prevalent before money wages were commonly paid. In agriculture it is seen in the metayer system of continental Europe, to which "farming on shares" in New England corresponds. In the fishing industry, where the system seems to be peculiarly applicable, the pay of the crew is almost universally in proportion to the catch. On the economic and social effects of share farming the judgments of competent observers have differed widely. Adam Smith thought that it could never be the interest of metayers to lay out any part of their own savings on the further improvement of the land, and M'Culloch wrote that wherever the metayer system had been adopted it had "put a stop to all improvement" and "reduced the cultivators to the most abject poverty." Châteauvieux,* on the other hand, recording his observations in Italy, said: "It establishes a community of interests, and relations of kindness between the proprietors and the metayers: a kindness which I have often witnessed, and from which result great advantages in the moral condition of society." Sismondi,† whose opportunities for observation were superior to those enjoyed by any other writer that has treated this subject, gives emphatic testimony in favor of the system, as conducive to prosperity, moral order, and content. We find no record of any successful application, on a large scale, to manufacturing, of profit sharing as a substitute for wages. In some of the slate quarries of North Wales it has been customary for the more experienced quarrymen to form partnerships in twos or threes and contract to take out so many slates at so much per thousand. They have by this means made considerably more than the average of current wages for such work.‡

* Quoted by J. S. Mill: "Political Economy." † Ibid.

‡ "Co-operation in the Slate Quarries of North Wales," by J. E. Cairnes. Essays, London, 1873.

Profit sharing in addition to wages is a modern experiment which began in the second quarter of the present century almost simultaneously in Ireland, France, and Germany. The earliest attempt in this direction which is recorded by Mr. Sedley Taylor, from whose work on "Profit Sharing"* we gather most of what follows on profit sharing in France and England, was made in 1831 by Mr. John S. Vandeleur, a disciple of Robert Owen, on an estate in the county of Clare, Ireland. By the agreement entered into with his laborers, who were formed into an association, Mr. Vandeleur furnished land, buildings, implements, stock, and stores, and the laborers received wages at ordinary rates. The association turned over to the proprietor produce to the estimated value of £900 as rent and interest. All remaining profits went to the association to be used in purchasing the live stock from Mr. Vandeleur and for other objects advantageous to the association as a body. The experiment was successful in stimulating the interest of the laborers, to the great improvement of the estate and of their condition, but it came to a summary end through Mr. Vandeleur's unfortunate passion for gambling, by which he lost his entire property. Edme-Jean Leclaire, the Parisian house painter, to whom undoubtedly belongs the honor of having done more than any other one man to work out the details and demonstrate the practical merits of industrial partnership, made his first division with forty-four of his workmen in 1842. The Paris and Orleans railway company began sharing profits with its employés in 1844, and in 1847 Herr J. H. von Thünen introduced the system on his estate near Teterow, in Mecklenburg-Schwerin, where his son and grandson, succeeding in turn to the proprietorship, have continued it in force. From these beginnings the application of the system has been extended until now Mr. Taylor estimates that there are more than one hundred continental firms working on the participatory basis, and in France the policy of requiring profit sharing of all parties taking contracts for municipal work, and of all individuals and associations enjoying special rights and privileges from the State, has become a political question.

There are several ways of apportioning and applying the

* "Profit Sharing between Capital and Labor," London, 1884.

dividend to labor. The Paris and Orleans railway company has tried nearly all of them. The plan first adopted in 1844 provided for a distribution of fifteen per cent of the annual net profits remaining after a dividend of eight per cent had been paid on share capital. The employés were divided into three classes: the first was composed of directors and engineers, each of whom was to receive for every one thousand francs of his annual salary one three-hundredth part of the distributable amount; the second included heads of departments and superior employés, each of whom was to draw for every thousand francs of salary one five-hundredth part of the distributable amount; the third class, composed of remaining employés working through the year, was to receive what remained. Members of the first class were to receive their respective sums in cash. The share of each member of the second class was to be divided into two equal parts: one to be paid over in ready money, the other to be invested for his benefit in a state security and not withdrawable or assignable without the consent of the company. Of the sum falling to the third class, one-half was to go in rewards for distinguished services, to be paid in cash, and the other half was to be divided in proportion to wages and be compulsorily invested. The application of this complex scheme in 1846 gave to members of the third class so small a share that in 1847 the proportions were so altered that the first class received 56.6 per cent on salaries, the second class 37.8 per cent, and the third class 18.9 per cent. The revolution of 1848, with its cry of equality, broke down the division into classes. The minister of public works decreed that thenceforth each individual's share should be in proportion to his salary. In consequence of this arbitrary enactment the company thought seriously of abandoning participation altogether. In 1850, however, the directors abolished the classes and arranged for a uniform distribution of the bonus in three parts: one-third to be paid over in cash, one-third to be invested in the savings bank, and the remaining one-third to be paid into the State Pension office, or other insurance office, to create for each employé a life annuity to begin at the age of fifty. After the fusion with the Paris and Orleans in 1852 of three other railway companies, the profits were so large that the dividend to employés amounted to 34 per cent on wages in 1852 and to 41 per cent in 1853. Not having purposed to be quite so liberal, the company voted in the latter year that when the year's operations yielded the shareholders a total dividend not exceeding 15 per cent, the dividend to labor should be 15 per cent of net profits in excess of eight per cent on capital; when the total dividend to capital exceeded 15 per cent, the dividend to labor should be only 10 per cent of the profits in excess of 15 per cent on capital, and when the dividend to capital was in excess of 16 per cent, the dividend to labor should be only five per cent of the profits in excess of 16 per cent on capital. In 1854 a new regulation was adopted setting aside ten per cent of the dividend to labor for a fund, not to exceed 250,000 francs, to provide aid in cases of accident, injury and infirmity, help to widows, and prizes for distinguished services. In 1863 the whole plan was again recast. The share of each employé up to ten per cent on his year's wages was to be paid into the State Pension office; from the remainder, if any, a sum not exceeding seven per cent on his year's wages was to be paid to him in cash; and if there was still a residue it was to be paid to his savings bank account. As the result of this last arrangement the cash dividend dwindled until, in 1870, it disappeared. The dividend to employés amounted in 1844 to 6.81 per cent on the total wages of the year, and in 1853 to 40.96 per cent. From the latter date the percentage of dividend of wages steadily diminished until, in 1880, it was only 9.05. In 1882 it was 10 per cent. The number of participants was 719 in 1844 and 16,935 in 1882. The entire sum paid out in dividends to employés in these 39 years was 65,152,793 francs.

The Compagnie d'Assurances Générales of Paris allots five per cent of its annual profits to its 250 employés of all grades, but, instead of paying over any part of the bonus in cash dividends, capitalizes the amount each year at four per cent compound interest. When the beneficiary has worked for the company 25 years, or is 65 years of age, he may take a life annuity or invest his accumulated profits in French government or railway securities. If he chooses the latter he draws the dividends but the company retains the share certificates until his death, when his heirs receive the principal. The company

urges in favor of this plan that it secures exceptional permanence and steadiness in its staff.

M. Bord of Paris, employing about 400 workmen in the manufacture of pianofortes, began in 1865 to divide profits with them on the simplest plan of cash dividends. After paying himself 10 per cent on his capital he divided remaining net profits into two parts, taking one himself and apportioning the other among the workmen who had been six months in his service. The dividend to labor ranged from 9.40 per cent on wages in 1866 to 22 per cent in 1875. Nine or ten years ago M. Bord surrendered to his workmen the entire profits of the business in excess of five per cent interest on his capital. Their dividend in 1882 was 20 per cent on wages and amounted to 131,270 francs.

The majority of profit sharing establishments combine cash dividends with some form of deferred participation. A good example is the Paris printing, publishing, and bookselling house of M. Chaix, which assigns 15 per cent of its annual net profits to its employés. One-third of this sum is paid over in cash; two-thirds are turned into a savings fund on which the house pays four per cent interest. One-half of the capital thus accumulated may be drawn by the employé in whose name it stands when he has worked for the house twenty years continuously, or when he is 60 years old, or when for any reason he leaves its employment; the other half can be claimed only on retirement after completion of the full term of years or service. Participation is conditional. The employé must make written application, and show that he has been in the service of the house for three years and have given evidence of competence and zeal.

Still another plan is that adopted by Billon et Isaac, a joint stock company manufacturing mechanism of music boxes, at St. Jean, near Geneva. After deducting interest on capital and payments to reserve and maintenance funds, the net profits are divided into two equal parts, one of which is assigned to the shareholders and the other to the workmen. One-half of the latter sum is distributed in cash dividends proportional to wages, and the remaining half is invested for the beneficiaries in twenty-dollar shares of the company, which shares carry votes in the stockholders' meetings.

This last feature brings us back to the Maison Leclaire, the most highly organized, as it is the oldest existing industrial partnership. During the six years from 1842 to 1847 inclusive, the method of profit sharing followed by Leclaire was that of a simple cash dividend apportioned on the basis of wages. During these years an average of 18,915 francs was annually divided among an average of 80 persons. In 1860 a mutual aid society, which had been supported by monthly subscriptions from its members, was incorporated and made a perpetual silent partner in the firm of Leclaire and company, and in 1869 the entire business was incorporated with formal provisions that thenceforth the profits should be divided in certain fixed proportions between the managing partners, the mutual aid society, and the workmen forming the regular staff of the house. The capital is 403,520 francs, one-half being the property of two managing partners, the other half being held by the aid society. The managing partners receive each an annual salary of 6,053 francs. Five per cent interest is paid to them and the aid society on their respective capitals. Of the remaining net profit one quarter is paid to the managing partners, one quarter to the funds of the society, and the remaining half is divided among all the employés of the house in proportion to wages earned. Of this whole body of employés a certain number, at present about one hundred and twenty-five men, of unexceptionable moral conduct and of first-rate ability, constitute the *noyau*, or core of the establishment. The *noyau* elects the *comité de conciliation*, which is for most purposes the governing body of the house. It consists of five workmen and three clerks, with the managing partners as ex-officio chairmen. The *comité de conciliation* examines candidates for admission to the *noyau* and elects annually the foremen of departments from a list proposed by the managing partners. When a managing partner dies or retires the *comité* nominates a successor to be elected by the *noyau;* and to make possible the election of the best qualified man, irrespective of his pecuniary circumstances, it is provided that the capital of the outgoing partner shall not be withdrawn without consent until it is replaced from the sum accruing to his successor from the latter's share in the profits. Membership in the *noyau*, five years' connection with the house, good

conduct, and freedom from chronic disease are the conditions of membership in the mutual aid society. The administration of the latter is committed to a *conseil de famille*, consisting of a president, six officers annually elected, and twelve visitors chosen by turns. The visitors are charged with special duties of brotherly kindness toward members that are in sickness or any kind of distress. Besides conferring the ordinary advantages of a benefit club, membership in the society bestows a retiring life pension of 1,210 francs at the age of 50 years and the completion of 20 years of service for the house, and the payment of half of this annuity to the widow of such pensioner during her life. The member's life is also insured for 1,009 francs, payable to his family at his death. In September, 1883, the society possessed a capital of 1,565,557 francs. It had 105 members, besides fifty-one pensioners. The bonus paid to labor was fourteen per cent on wages in 1870 and twenty-two per cent in 1882, having increased year by year, except during the war years beginning with 1871 when it did not fall below twelve per cent. The number of participants in 1882 was 998; the total wages, 1,079,391 francs. The total of bonuses from 1842 to 1883, including the sums paid to the mutual aid society, was 3,355,395 francs. The moral and economic results of these arrangements and participation have been most remarkable. Leclaire always maintained that he had accumulated a larger private fortune than he could have done by a selfish policy. At his death, in 1872, he left a property of 1,210,560 francs.

The members of M. Godin's Familistêre, at Guise, have been organized as an industrial partnership since 1880. The organization is complex, resembling, in many ways, that of Leclaire and company. Labor is paid its wages and capital a rate of interest, after which capital and labor as represented in wages share proportionately in profits, a thousand francs of wages receiving the same profit as a thousand francs of capital; and as wages amount to 1,888,000 francs a year, while interest on capital is only 230,000 francs, the participation of labor is eight times that of capital. The allotment is such that 25 per cent of profits goes to administrative talent. A part of the dividend to labor is converted into certificates of stock, so that in time the workers will own the entire plant. Already their capital

is 1,969,000 francs and their profits since 1880 have amounted to 3,781,000 francs.*

Four cases of participation in manufacturing industry in Italy are mentioned by Dr. Ugo Rabbeno, in his account of co-operation in that country,† but only two of them are industrial partnerships. One of these, the china works of the Richard Society, assigns to its best workmen five per cent of annual profits, and has established a mutual aid society, a pension fund, and a school. The other is the woollen factory of Senator Allessandro Rossi which devotes five per cent of profits to support a *crêche* and a school for workers.

The most extensive English experiment in industrial partnership was made by Archibald and Henry C. Briggs, at the Whitwood collieries in Yorkshire, from 1865 to 1874. During the ten years preceding there had been ten strikes lasting altogether seventy-eight weeks. The Messrs. Briggs, hoping to bring about a better order of things, organized as a joint stock company, permitting their operatives and customers to take one-third of the shares, and offered further to divide among their employés in proportion to wages one-half of net profits remaining after paying ten per cent on capital and making other usual reservations. The result of the first year's operations under this arrangement was a bonus of £1,800 to labor. In 1872 the bonus was £5,250. In that year a great "boom" in the coal trade commenced and the wages of the workmen were advanced 27½ to 30 per cent and the initial rate of interest on capital was increased to 15 per cent. Notwithstanding these advances the dividend to labor amounted to £14,256. But in 1874 a reaction commenced and prices fell off. The dividend to labor that year was only £6,048, and it became necessary to reduce wages. Thereupon, at the dictation of the miner's union, the men joined in a strike, as a result of which profit sharing was discontinued.

Among the European firms and corporations that have most thoroughly and patiently tried industrial partnership there is unanimous agreement that it promotes zeal, efficiency, and

* "The Familistêre at Guise, France," by Edward Howland. Harper's Magazine, November, 1885.

† "Co-operation in Italy," by Dr. Ugo Rabbeno. Translated by E. V. Neale. Co-operative Printing Society, Manchester.

economy, and thereby increases the profits of business; that it is a moral educator, and that it substitutes harmony and mutual goodwill for distrust and contention in the relations of employers and employed. Where it has failed, the failure has been due either to extrinsic causes or to a too hasty abandonment before the full educational result has been attained.

Profit sharing in connection with stock-owning by workmen has attained its largest development in England. Co-operative mills have existed there since 1825. Co-operative corn mills were started at Leeds and Halifax in 1847 and at Rochdale in 1850. Subsequently to the latter date very many mining and manufacturing enterprises have been undertaken by co-operative societies. Most of them have grown out of co-operative distribution, and the fundamental idea of co-operative distribution, that profits should be divided on the basis of purchases rather than on capital invested, is so strongly held that a number of co-operative manufacturing companies divide a portion of their profits with their customers. It is estimated that 10,000 operatives are stock owners in the Oldham spinning mills. Most of these prefer to hold shares of other mills than those in which they work.*

PROFIT SHARING IN THE UNITED STATES.

In the consideration of profit sharing in the United States, this part of the subject has been subdivided, for the purpose of bringing together similar systems of profit sharing, as follows: profit sharing without wages, in the Massachusetts fisheries; profit sharing in addition to wages, in several states; and profit sharing through stock-owning, in Massachusetts.

Profit Sharing Without Wages, in the Massachusetts Fisheries.

Of participation in profits in lieu of stipulated wages we have in Massachusetts a familiar example in the coast fisheries. It is not customary in this business to pay any wages. The crews

* For a more detailed account of co-operative production, as distinguished from profit sharing, in England and upon the Continent of Europe, see Part I. of this Report, pages 49–154.

are rewarded for their labor in direct proportion to the value of the catch.

In cod fishing by hook and line the plan is carried out with extreme nicety; each man keeps a separate account of the fish he takes and is paid accordingly.

Sometimes the men fish two by two in dories and the account of each dory is kept separately.

In mackerel and other seine fishing it is impossible to keep each man's account separately and all the members of the crew share in the profits equally.

At Gloucester the basis of profit sharing between owners and crew is as follows:

The owners furnish the vessel, with rigging, cables, etc., complete; provisions for the trip, and the fishing gear.

When the vessel returns the catch is valued or immediately sold at the market price of that date.

From the gross value are deducted certain trip charges, such as expenses for towing, ice, and barrels. If the fish have to be packed and inspected, as sometimes in the case of mackerel, the cost is a trip charge.

Trip charges having been deducted the net value of the catch is divided: one-half to the owners, one-half to the crew.

The owners from their half pay the skipper a percentage.

From the crew's half are paid the wages of the cook, any incidental labor that the crew may have employed, the cost of medicine, and a small percentage to the widows' and orphans' fund.

The crew's net half is then divided among the men in proportion to their individual success, or by dories, or equally, according to the method of fishing.

In haddocking voyages in the winter another plan is adopted. The owners find the vessel. The crew find provisions, dories, and fishing gear and pay all expenses. The catch is sold for cash and the crew have three-fourths and the owners one-fourth of the gross proceeds. The owners pay the skipper.

Another way, once common at Provincetown and at Beverly, was to include stores, ice, bait, fishing gear, and some other expenses in gross charges called a "great general average," the crew then taking three-fifths and the owners two-fifths of

the catch. This plan is being abandoned for the half-and-half system.

Owners of vessels, and the fishermen, agree that the wages system would be impracticable in this business. The owners say: "We should get a lot of loafers and the business would go to ruin." The fishermen say: "We could not live on wages, for the active, skilful men would fare no better than the lazy; there would be no inducement to secure the largest possible catch, the business would become unprofitable, and wages too low to tempt first-class men."

The owners say further: "This system is strictly co-operative. When the men are not getting a good living the business (of the owners) is losing money terribly. It is noticeable that the poorest men are to be found in seining in which all share equally. In cod fishing the men make it hard for a fellow who does not earn his share of the expenses. It is this stimulus of profit sharing that has made our famous skippers."

A first-class man rises easily and naturally to command as a skipper. Once a skipper he may readily become a part owner of one or more vessels. Owners prefer to have skippers pecuniarily interested in the vessels under their charge. It is estimated that fully a quarter of the skippers of Gloucester have proprietary interests in the fleet.

The value of a vessel is from $3,000 to $12,000. The average value is about $5,000.

The following table has been compiled from the books of one of the leading firms of Gloucester.* It gives the highest pay made by any one man, the lowest pay received by any one man, and the average pay of all the men in the crew, for each voyage of each vessel owned by the firm, in the year 1884. The date in each line is the date when accounts were made up after the vessel had come in and her catch had been sold or valued. The number of days occupied by the voyage does not appear in the book from which our statistics were taken, but inasmuch as the interval from a date when a crew's accounts are made up and the money paid until they are made up and paid again is for economic purposes the length of the intervening

* John Pew & Son, to whom, and to Mr. John K. Dustin, we are under special obligations for courtesies and information.

trip, we have so reckoned it and supplied the numbers for days so far as possible, and have called the dates, dates of return.

The lowest pay or share is sometimes that of a boy or green hand. The majority of shares approximate the average. A fair illustration is the distribution among the crew of the "Alice" for the voyage ending December 30, as follows, names being omitted: $31.20; $38.20; $39.70; $38.80; $34.80; $32.00; $29.71; $30.20; $28.47; $27.70; $28.00; $26.70; $14.40; $30.84, thirty dollars and eighty-four cents being called the average.

Where only the average share is given the crew were engaged in seine fishing, and the crew's half of the catch was equally divided.

The shorter cod fishing trips were to St. George's bay, the longer ones to the banks of Newfoundland.

The table shows:

The great and frequent fluctuations in the rewards of labor under this form of profit sharing in an uncertain business.

The perfect opportunity which this form of profit sharing affords to men of more than average industry and skill to benefit themselves proportionately.

Statistics of Profit Sharing, in the Massachusetts Fisheries.

Name of Vessel.	Date of Return.	Number of Days since last Return.	Highest Pay.	Lowest Pay.	Average Pay.
	1884.				
Chocorua,	Jan. 2	–	$65 03	$29 35	$36 87
Maggy and Lilly,	" 10	–	58 12	20 35	31 31
Anne D.,	" 23	–	17 28	73	6 50
Alice,	" 30	–	40 13	7 45	20 08
Chocorua,	Feb. 6	35	25 26	12 61	16 99
Maggy and Lilly,	" 7	28	55 62	4 43	–
Tidal Wave,	" 9	–	62 45	23 46	42 41
Pilgrim,	" 18	–	46 64	20 19	29 35
Anne D.,	" 25	33	52 26	6 45	28 04
Chocorua,	March 4	27	61 11	24 73	42 05
Tidal Wave,	" 7	27	15 97	1 61	6 20
Maggy and Lilly,	" 10	32	52 32	17 20	34 13
Sterling,	" 13	–	53 16	20 97	43 32
Alice,	" 14	44	48 26	22 26	34 86
Welcome,	" 14	–	47 50	14 94	30 96
Pilgrim,	" 20	31	67 44	37 14	48 15
Anne D.,	" 22	26	55 86	10 65	36 76
Maggy and Lilly,	" 26	16	66 87	6 46	49 77
Chocorua,	" 26	22	70 16	6 65	44 25
Tidal Wave,	April 5	29	56 46	32 50	42 16
Sterling,	" 7	25	42 97	20 83	35 00
Welcome,	" 9	26	50 66	11 88	32 83
Alice,	" 10	27	64 05	33 03	47 46
Ann Eliza,	" 14	–	41 40	9 72	20 86
Anne D.,	" 16	25	37 90	11 60	18 85
Pilgrim,	" 16	27	36 41	5 41	17 91

Statistics of Profit Sharing, in the Massachusetts Fisheries — Continued.

Name of Vessel.	Date of Return.	Number of Days since last Return.	Highest Pay.	Lowest Pay.	Average Pay.
	1884.				
Dictator,	April 17	–	$23 26	$2 85	$14 91
Shiloh,	" 18	–	48 94	26 90	42 90
Ella F. Bartlett,	" 23	–	17 74	3 14	8 20
Tidal Wave,	" 26	21	31 62	8 42	16 84
Alice,	" 28	18	17 25	2 02	10 41
Ontario,	May 3	–	27 42	21 79	24 89
Sunshine,	" 5	–	3 75	0 00*	57
Sterling,	" 7	30	20 75	3 40	10 04
Chocorua,	" 9	44	40 31	1 90	32 93
Ann Eliza,	" 10	26	18 11	5 08	12 18
Dictator,	" 16	29	28 23	6 58	18 37
Ella F. Bartlett,	" 17	24	20 47	2 29	9 75
Welcome,	" 17	38	21 62	5 56	15 25
Anne D.,	" 19	33	24 73	8 51	15 76
Eastern Queen,	" 19	–	–	–	34 48
Tidal Wave,	" 20	24	32 52	13 77	26 83
Pilgrim,	" 20	34	24 62	9 33	17 49
Sterling,	" 21	14	49 16	27 28	41 80
Alice,	" 23	25	16 47	6 33	11 57
Ann Eliza,	" 26	16	43 33	20 70	27 81
Chocorua,	" 28	19	37 51	16 11	26 35
Sunshine,	" 29	24	39 82	17 62	25 72
Maggy and Lilly,	" 31	66	–	–	29 20
Sterling,	June 5	15	20 04	10 89	15 20
Tidal Wave,	" 6	17	20 26	12 01	14 85
Anne D.,	" 6	18	29 20	10 13	21 14
Dictator,	" 6	21	14 94	5 28	14 99
Herald of the Morning,	" 9	–	–	–	41 77
Pilgrim,	" 9	20	38 31	11 30	20 22
Ann Eliza,	" 10	15	32 66	12 84	19 84
Welcome,	" 13	24	48 80	3 78	35 08
Chocorua,	" 13	16	12 56	1 33	7 05
Ella F. Bartlett,	" 13	27	17 58	5 61	12 73
Sunshine,	" 17	19	35 60	12 52	22 60
Alice,	" 18	26	50 23	35 03	41 17
Tidal Wave,	" 21	15	48 20	32 19	38 34
Dictator,	" 24	18	18 34	11 04	13 14
Pilgrim,	" 24	15	34 53	12 46	23 54
Ann Eliza,	" 25	15	43 21	23 66	30 87
Sterling,	" 26	21	26 40	11 55	21 04
Eastern Queen,	" 26	38	–	–	24 91
Welcome,	" 30	20	33 45	4 40	26 76
Anne D.,	July 1	25	37 70	16 31	21 33
Sunshine,	" 2	15	41 28	19 45	27 60
Ella F. Bartlett,	" 3	20	34 77	7 44	20 90
Chocorua,	" 3	20	18 36	6 43	11 01
Alice,	" 10	22	26 37	7 72	17 55
Tidal Wave,	" 12	21	41 32	22 88	31 91
Sterling,	" 14	18	34 93	18 07	25 78
Ann Eliza,	" 15	20	45 60	22 20	34 10
New England,	" 15	–	92 25	20 48	78 54
Pilgrim,	" 17	23	38 25	15 20	25 94
Sunshine,	" 18	16	43 54	20 54	27 97
Welcome,	" 18	18	37 02	11 26	30 50
Eastern Queen,	" 21	25	–	–	26 50
Dictator,	" 22	28	69 16	48 47	57 55
Anne D.,	" 23	22	15 14	7 14	10 32
Chocorua,	" 24	21	26 12	5 31	17 83
Shiloh,	" 25	98	127 83	105 31	115 84
Ella F. Bartlett,	" 25	22	18 90	2 91	11 11
Sterling,	" 29	15	13 09	4 94	8 55
Ann Eliza,	" 29	14	16 04	7 80	11 46
Alice,	" 31	21	19 11	8 36	11 93
Ontario,	Aug. 1	90	157 49	97 99	131 16
Tidal Wave,	" 2	21	20 31	9 48	15 14
Welcome,	" 4	17	19 84	5 80	14 45
Sunshine,	" 6	19	38 78	11 28	23 19
Pilgrim,	" 9	23	35 77	8 67	28 00
Dictator,	" 9	18	17 36	6 34	13 45
Eastern Queen,	" 11	21	–	–	32 59
Chocorua,	" 12	19	13 54	1 12	4 05
Ann Eliza,	" 12	14	10 07	1 62	3 77
Sterling,	" 18	20	49 07	19 34	27 19

* The poorest hands received nothing at all.

Statistics of Profit Sharing, in the Massachusetts Fisheries — Concluded.

Name of Vessel.	Date of Return.	Number of Days since last Return.	Highest Pay.	Lowest Pay.	Average Pay.
	1884.				
Anne D.,	Aug. 18	26	$41 08	$18 13	$25 83
Maggy and Lilly,	" 18	79	–	–	1 52
Ella F. Bartlett,	" 21	27	21 88	3 68	12 46
Alice,	" 22	22	33 77	11 33	22 72
Sunshine,	" 23	17	17 57	1 80	11 02
Tidal Wave,	" 25	23	41 40	24 80	32 09
Welcome,	" 26	22	43 45	24 63	32 22
Chocorua,	" 30	18	35 78	19 17	26 99
Pilgrim,	Sept. 1	23	29 70	11 91	22 24
New England,	" 4	51	80 10	55 70	66 21
Dictator,	" 5	27	44 58	33 86	38 57
Herald of the Morning,	" 9	92	–	–	58 11
Sterling,	" 11	24	19 07	8 37	12 82
Maggy and Lilly,	" 13	26	–	–	25 22
Ella F. Bartlett,	" 13	23	30 01	9 31	21 51
Sunshine,	" 15	23	46 41	20 11	30 84
Anne D.,	" 16	29	39 40	20 55	28 30
Eastern Queen,	" 17	37	–	–	45 76
Tidal Wave,	" 17	23	21 72	14 12	17 10
Welcome,	" 18	23	35 78	6 28	29 07
Alice,	" 19	28	49 81	30 71	37 56
Chocorua,	" 19	20	32 45	11 50	19 91
Concord,	" 26	–	–	–	221 49
Herald of the Morning,	Oct. 1	22	–	–	24 06
Pilgrim,	" 3	32	55 31	31 66	41 46
Shiloh,	" 3	70	147 07	86 82	121 70
Sterling,	" 4	25	40 34	25 84	33 48
Ella F. Bartlett,	" 4	21	26 02	10 16	20 28
Tidal Wave,	" 6	19	30 40	9 40	21 66
Dictator,	" 7	32	46 24	29 89	40 20
Sunshine,	" 7	22	24 75	8 25	19 30
Anne D.,	" 10	24	39 27	12 71	23 62
Maggy and Lilly,	" 14	31	–	–	22 90
Chocorua,	" 14	25	36 00	10 80	21 02
Ontario,	" 16	76	124 13	46 31	47 54
Welcome,	" 20	32	3 55	19 40	15 52
Alice,	" 22	33	18 80	4 50	12 32
Tidal Wave,	" 24	18	6 02	1 12	3 52
Sterling,	" 28	24	37 58	18 91	27 25
Ella F. Bartlett,	" 28	24	21 17	12 22	16 96
Dictator,	" 27	20	12 91	6 47	10 35
Sunshine,	" 30	23	15 61	6 26	11 00
Pilgrim,	Nov. 7	35	27 18	18 33	24 80
Welcome,	" 11	22	6 68	57	2 60
Anne D.,	" 14	35	7 50	25	2 73
Maggy and Lilly,	" 14	31	–	–	25 36
Herald of the Morning,	" 17	47	–	–	22 83
Chocorua,	" 18	35	5 64	87	2 00
Tidal Wave,	" 22	20	19 94	9 84	13 27
Alice,	" 22	31	22 72	5 97	15 97
Sterling,	" 26	29	47 39	22 19	36 29
Dictator,	Dec. 2	36	33 08	9 55	24 37
Pilgrim,	" 16	39	41 87	30 00	33 33
Alice,	" 30	38	39 70	14 40	30 84

Profit Sharing in Addition to Wages, in Several States.

Profit sharing in addition to wages, which is the form of profit sharing usually referred to when the term "industrial partnership" is used, is not as yet extensively established in the United States. We have no examples of it comparable to the Maison Leclaire and the Paris and Orleans railway company, nor any such number on any scale as can be found in France. The examples that we have are none the less well worthy of study,

for they are beyond a doubt the forerunners of a further, and perhaps extensive, development in this direction. The following account does not profess to be exhaustive. The experiments described are representative rather, and have been selected with reference to the variety of conditions and methods which they present.

A. S. Cameron & Co.

A. S. Cameron & Co., manufacturers of steam pumping machinery in New York city, began to divide profits with their employés in July, 1869, and continued the practice with marked success for eight years. It came to an end by Mr. Cameron's death in 1877.

The plan adopted was explained to the men in the following circular:

"To assist a person in improving his condition by his own efforts is to make a man of him.

"To advance a person independent of his own efforts is to make a beggar of him.

"Our aim is to give each of our employés an opportunity to advance himself.

"We have adopted the system of co-operation as a practical business movement, and not as a charitable one.

"The following regulations will explain the way we have undertaken to carry this out:

"OFFICE OF A. S. CAMERON & CO.,
NEW YORK, July 12th, 1869.

"The books of this concern are balanced on the first day of July each year. On the fifteenth day of July, 1870, we will distribute among the workmen, then in our employment, ten per cent of the net profits accruing from our business during the year commencing July first, 1869, and ending July first, 1870; divided in proportion to the amount of wages received by each man during the year.

"Provided, that our employés perform the duties assigned to them in such a manner as to warrant us in pursuing this course, of which we are to be the sole judges. This act being entirely voluntary on our part, we convey to our employés no right or title to such distribution of profits — their weekly wages being in full compensation of services performed.

"Each person in our employment has thus an opportunity of sharing in the profits of the concern in proportion to the amount of work performed by him.

"What we expect in return is that each person will work as though the establishment belonged to himself, and see that each of his fellows does the same — saving every minute of time, and every speck of property.

"We most earnestly desire that all lazy persons shall be pointed out to us for prompt dismissal, so that those who work hard and honestly to advance their interests will not be called upon at the end of the year to divide the fruits of their industry with the sluggards.

"A. S. CAMERON & CO.

"NOTE: — This proposition to divide among you ten per cent of our profits realized from the manufacture of machinery, — for which there is a great demand at all times, and at all seasons — which is protected by a number of valuable patents, being in addition to your weekly wages, which are at least as liberal as you could secure in similar employment elsewhere, entitles us to expect that you will put forth all your efforts, in order to realize its benefits.

"Bear in mind, however, that a distribution of profits will only be made on condition that your increased efforts entitle you to it.

"Should the rule operate to our advantage in relieving us from following up the leaks and the loafers, we will continue it; not otherwise.

"If we derive benefit from the system, we can secure its adoption in other establishments; but if you do not appreciate the offer, we will consider you untrue to yourselves, to your families, and to your fellow workmen at large, and will take pains to make the fact known.

"What we expect in return is, that you will work earnestly and faithfully, and see that neither time nor material is wasted; that you will point out to us any labor saving item, or other source of economy that may suggest itself to you.

"And, above all, we expect that those who do not enter into the spirit of this matter will be pointed out to us for prompt dismissal.

"A. S. CAMERON & CO."

The bonus was four and one-half per cent on wages each year and did not operate to reduce wages; on the contrary they were several times increased.

It had a salutary effect on the men, morally as well as economically, and presumably upon the business success of the firm. An employé said to us: "Mr. Cameron was a very shrewd business man and would not have continued profit sharing if it had not been a business success. He had the perfect confidence and respect of his men."

During the great strike of 1871 Mr. Cameron was chairman of the executive committee of the employers. The strike was for eight hours' work with ten hours' pay. Some of the men in

the foundry went out at the order of their trade union. But Mr. Cameron's influence and their respect for him quickly prevailed and they returned to ten hours' work.

Most of the men were of German and Irish nationality.

There was a sick fund to which each man contributed five cents a week and Mr. Cameron an amount equal to their aggregate contribution.

Mr. Cameron encouraged home owning and sometimes loaned money to his men with which to build houses. He had not established any pensions for superannuated employés.

In the room that was Mr. Cameron's private office hang the following resolutions:

"At a meeting of the employés of A. S. Cameron & Co., held at the works, on Wednesday, July nineteenth, 1871, the following preamble and resolutions were unanimously adopted:

"*Whereas*, We are desirous of testifying to the esteem with which we regard Mr. A. S. Cameron: Be it therefore

"*Resolved*, That we hereby express our most sincere thanks to our worthy employer for his courteous, liberal and impartial conduct towards his employés, securing our unqualified esteem in the present and most fervent wishes of success in the future.

"*Resolved*, That we endeavor to deserve his good will and opinion by a careful discharge of our duties and a firm determination to persevere in industry, integrity and sobriety in accordance with his expressed wishes.

"*Resolved*, That we recognize in the co-operative system by him introduced into his establishment a liberal movement in the right direction and that our thanks are due to him in an especial manner for the same.

"That a copy of the foregoing preamble and resolutions be suitably engrossed, framed and presented to him as an additional evidence of our sincere esteem and regards.

"ALEXANDER MACDOTT.
JAMES COTTER.
STEPHEN GARRIGUS.
GEORGE SMITH.
FERDINAND O'HAGAN.
JOSEPH A. KINNEY."

Brewster & Co.

An industrial partnership which gave to employés an important share in framing the regulations and controlling the conditions under which they worked, as well as participation in profits, was formed at the close of the year 1869 by Brewster & Co., carriage builders, at New York, and dissolved in June, 1872, by the workmen joining the eight-hour strike.

The dividend to labor was ten per cent of the firm's gross profits, there being no deduction first of any salary or interest on capital for any member of the firm. It was divided in proportion to wages, every employé receiving a share unless he voluntarily left the establishment before the close of the fiscal year. An employé discharged received a share if the wages he had earned amounted to $100. A relief fund, also, was maintained from the profits of the business.

That this plan of participation might have the full benefit of the judgment and skill of every person interested in its success, and that all might share in the responsibilities of management, the employés were organized as an industrial association. The employés were divided into seven departments, corresponding to their work. Each department elected a board of control and the chairmen of the several boards of control, with a representative of the shop at large, constituted a board of governors. The board of governors elected a president of the association from among the members of the firm of Brewster & Co. The board of governors had power to make all rules and regulations for the shop and to hear and investigate complaints. Every resolution or measure of any kind which the board adopted, before it became binding upon the association, was presented to the president. If he approved he signed it, and if not he returned it with his objections in writing, or with a verbal statement, to the board at the next monthly meeting, when it was reconsidered. If then two-thirds of all members of the board voted by yeas and nays (each man's vote being recorded in the journal) to pass the measure it became binding, notwithstanding the objections of the president. The boards of control of the several departments enforced the regulations made by the board of governors. Their duties included the care and custody of the property of their departments, watchfulness that nothing was destroyed or wasted, the settlement of all minor questions, and the exercise of any other powers delegated to them. Neither the association nor any member of it other than the president had any voice in the management of the firm's business, nor the right to bring suit against Brewster & Co. to recover any share in the dividend to labor, which, it was expressly understood, was a voluntary concession. The association could be dissolved within thirty days after the close of

a fiscal year, either by Brewster & Co., or by a two-thirds vote of the members.

This arrangement, during the two years and a half of its continuance, gave entire satisfaction and the excited action of the employés by which it was terminated was one of the strangest freaks of epidemic excitement on record. By the constitution of their association they had it in their own power, through their board of governors, to make eight hours a working day, which was the object of the general strike in which they joined. They seemed to have been literally crazed by the popular turmoil. They forfeited a dividend of $11,000, which would have been due a month later, besides losing $8,000 in wages, and at the end of two weeks went back to work on the old plan of simple wages without a single concession on the part of Brewster & Co.

A Mercantile Experiment.

The most extensive trial of profit sharing by bonus ever made in Massachusetts was begun about ten years ago, and continued for several years, by a mercantile firm having several hundred employés.

The only information regarding it which the firm is willing to make public is the following general statement:

They set aside yearly a certain fixed percentage of the profits of the business and called it the employés' bonus.

This sum was divided as a percentage on salaries among employés, of all grades, that had been in the firm's employ for a certain length of time.

The employés were never told at any time that a division of profits might be expected, or that the continuation of the practice would depend upon the observance by them of any conditions.

It was discontinued because among so many employés there were too many who showed no appreciation of its benefits and made no return in increased fidelity or efficiency.

It was thought better, therefore, to devote the sum set aside for bonus to increasing the salaries of individuals who had demonstrated the superior value of their services.

The firm, nevertheless, believe in the principle of profit sharing and have on several occasions advised other parties, somewhat differently circumstanced from themselves, to try it.

The Peace Dale Manufacturing Company.

An extensive experiment in profit sharing with employés owning no stock in the corporation was commenced by the Peace Dale Manufacturing Company, at Peace Dale, R. I., in 1878. It has been a gratifying success and is still continued.

This company, which has an interesting and honorable history, manufactures shawls, worsted coatings, cassimeres, and other woollen fabrics. It has a capital stock of $200,000, and employs about 450 persons. Peace Dale is a village of 1,200 inhabitants in the town of South Kingston, about 30 miles southwest of Providence, and it was here that power looms were first successfully operated in America. Rowland Hazard began here to manufacture linsey-woolseys about the beginning of this century, all the operations of carding, spinning, and weaving, both of the cotton woof and the woollen filling, being carried on by hand. A set of carding machines started in the village about 1804 was soon after purchased by Mr. Hazard. The power looms invented about 1812 by Thomas R. Williams, after being thoroughly tested, were bought by Mr. Hazard in 1814 or 1815, two years, at least, before power looms were started at North Providence in Judge Lyman's mill, which some writers have claimed was the first to use them. In 1819 Isaac P. Hazard and Rowland G. Hazard, sons of Rowland Hazard, succeeded to the management of the business and in 1820 they started a spinning jack of 52 spindles. Power looms for wide goods were introduced in 1828. In 1847 a mill was erected for working fine wool, and a year later the business was reorganized as a corporation under its present title, with Isaac P. Hazard as president and Rowland G. Hazard as treasurer. The manufacture of shawls was commenced in 1849. Isaac P. Hazard retired in 1864 and Rowland G. Hazard in 1866, the latter leaving the management of the business to his sons, Rowland Hazard, treasurer, and John N. Hazard, president. A son of Rowland Hazard, R. G. Hazard, 2nd, is now assistant treasurer, representing the fourth generation of the family in the conduct of the business. The works

were greatly enlarged in 1856, and in 1872 a new mill was erected for the manufacture of worsted goods.

The company's 450 employés are Americans, English, Irish, Swedes, and Germans. Two-thirds of them are foreign; the majority being Irish. Two-fifths of them are women.

Profit sharing was the suggestion of Rowland G. Hazard, the father of the present treasurer. It grew out of a wish to do a good thing for the workpeople and a desire to have them do their better part by the company. So far as it would affect the company it was not expected to make money in the positive sense, but to save waste. Various methods were considered, among them the plan of minority shareholding by employés. This was decided against as impracticable. One strong objection to it in the minds of the company being an unwillingness to give any employé any other claim to retention in employment than his record of efficient service. It was to be a purely voluutary action by the company. They decided that it would be best to hold out no other promise or expectation than that they would divide profits with labor when it should seem to themselves expedient to do so, and on such terms as they should themselves from time to time determine.

The plan was announced and explained to the employés in the following circular, dated January 1, 1878:

"For some years past the subject of co-operation has been attentively considered by the members of the Peace Dale Manufacturing Company. The great depression which has, during that time, existed in the shawl trade has prevented the adoption of any special plan. It would have been useless to offer co-operation to laborers when there was prospect of loss instead of profit. Just here observe that labor cannot run the risk of loss. It must have its daily wages guaranteed. This is the real difficulty in making any plan for co-operation. If capital must pay the current wages, and run the risk of loss, the argument seems sound that it should have the advantage of corresponding gain. However just the principle, there has been developed in practice, particularly in Europe, a tendency to bring labor and capital into antagonistic relations. This is a false position. Capital and labor are *inter-dependent*. Their interests are identical. Neither is of value without the other, and only when they work together in harmony are the best results attainable. In view of these facts several systems of co-operation have been

devised, by which the laborer may obtain a larger share of the product of his labor than usually falls to his lot. The only one which seems to be applicable to the circumstances of the case of the Peace Dale Manufacturing Company is that which the company has adopted as follows:

"The Peace Dale Manufacturing Company proposes, in each year in which there are surplus profits, to divide a sum among all its employés, which sum shall depend upon the results of the year's business. This sum cannot under ordinary circumstances be very large. Before anything can be set apart for it, wages must be paid, interest must be paid, and profit on capital must be paid. Then an amount must be set aside to make good wear and tear of buildings, to replace worn out machinery, and to strengthen the reserve funds, that the company may be able to pass through a year, or a series of years, of depression. The importance of this last is seen in the experience of the past five years, when but for the existence of such reserve funds the mills would have been obliged to stop. Out of what is left after all these things are provided for, the bonus for labor must be taken.

"Under present conditions the items before mentioned, on the average, absorb nearly all the profits, leaving little or nothing out of which to pay this proposed bonus; whatever is left will, however, feel the full effect of any extra care and attention on the part of the employés. If they prevent waste of material, if they save the wear and tear of machines, if they are diligent so that a large amount of work is performed, the sum out of which the bonus is to be paid will be enlarged. Indeed, in proposing this bonus the Peace Dale Manufacturing Company confidently expects that the increased care and diligence which it will thus be the direct interest of each employé to exercise will result in a saving which will go far toward providing the means of payment.

"The mode of distributing this bonus will be by making a dividend of so much per cent upon the amount of wages earned during the year by the persons entitled to receive the bonus. This percentage will be fixed by the directors of the Peace Dale Manufacturing Company, in view of the year's results, and if in their judgment, after providing for all other contingencies, there is not enough left to make a dividend of one per cent, no dividend will be made for that year.

"In case of a dividend it will be paid on and after the twentieth day of March in each year, to all employés who were in the employ of the Peace Dale Manufacturing Company during the preceding month of January, and who were in said employ for at least seven

months out of the twelve next preceding the first day of February. The amount of wages earned by each employé during the twelve months next preceding the first day of February shall be taken (to the nearest whole dollar) as the amount upon which the percentage is to be calculated to ascertain the amount of dividend to be paid each said employé.

"Employés who have been discharged for cause, who have not worked at least seven months during the year ending January 31st, or who have voluntarily left the employ of the Peace Dale Manufacturing Company previous to that date, will not be entitled to any dividend. This plan of co-operation is adopted as an experiment only. If after trial it fails to accomplish the ends proposed, among which greater neatness, care and attention in all departments of the works are especially desirable, it will be abandoned. The Peace Dale Manufacturing Company expressly reserves to itself the right to modify or discontinue the plan, whenever it shall deem proper; but it also expresses the hope that its continued working will be productive of only good results."

This circular explains with admirable clearness the theory of profit sharing and the conditions on which the amount of the bonus necessarily depends. The bonus is not a gift, it is not taken from the employer's share of the product to be added to that of the employé; it is paid out of additional wealth created by increased fidelity, diligence, saving, and a more perfect co-operation between labor and management. The results of the Peace Dale experiment are set forth in successive annual circulars. The end of the first year brought no dividend to labor. The company announced the result with regret and asked the hearty co-operation of all their employés in their efforts to bring about a different result for the following year.

The second year a bonus of $5,842.40 was distributed as a five per cent dividend on wages. The company announced that the plan of co-operation had produced some good results, and that while as yet the experiment could hardly be said to be an entire success it seemed to warrant a further trial. Especial attention was called to the fact that the company was paying the full rate of wages and that whatever was paid out in bonus was over and above that rate, and that the full measure of honest service was necessary to provide the fund out of which the bonus to labor could be paid and its amount be increased.

In 1881 a bonus of $5,999.65 was announced. The circular said:

"The satisfaction with which we announce this result is marred by the fact that the profits have been derived more from the purchase of materials at low prices than from economy in manufacture. So far, the result of the co-operative experiment has not been all that we had a right to expect. The direct incentive which it supplies to prevent waste and promote careful and diligent habits does not seem to be sufficient. Were it not that some departments do show a most praiseworthy attention to neatness, order, and minor details, we should be tempted to inquire if the sum paid out as a bonus is not thrown away. It is in excess of regular wages, and can only be justified by increase of diligence and care on the part of those employed. . . . We hope the end of this year will not leave us so uncertain of good results as we now are. What we most desire to see is that spirit of kindly confidence which shall make every one employed in the Peace Dale mills feel that the interest of the establishment is his own interest."

In the fourth year labor secured a dividend of only three per cent, the high price of wool having cut down profits. The amount of the bonus was $3,760.14. "We are encouraged to make this dividend," the company explained, "by the fact that we believe we can see an increase of care and diligence. As yet this increase is not as great as it should be, but the object to be attained in preventing waste and in encouraging conscientious work is so important to the moral as well as to the material good of the community that we decide to persevere. The experiment we are trying is only co-operative in the sense that we are *working with* those whom we employ in an effort to develop thrift and industry. We appeal to all to aid in this work. The greater the care and diligence the greater the fund from which we can pay the dividend to labor. The right basis will be reached when every employé will see that when he makes a needless waste he himself suffers a loss as well as causes one."

In 1883 the bonus was again three per cent and the amount $3,760.35. The circular congratulates the employés on a better understanding of profit sharing and increasing attention to minor details:

"Every weaver who makes a mispick, every burler who slights her work, every spinner who makes a needless knot, in short, every person who makes waste of any kind, of course, makes the amount to be divided smaller, by making a loss to the concern; and we think a manifest improvement is evident.

"Having really begun to understand the working of the system, it is hoped that a great advance will be made during the present year.

"If each person in the yard will attend to the little savings, the woolwashers save every scrap of wool, the spinners make less waste, the weavers weave up the whole bobbin, and so on through all the branches, a great saving can still be made, which will wonderfully affect the amount of earnings.

"The business outlook for the coming year is not very bright, and every effort towards a wise and persistent economy will be necessary to enable us to make a dividend next March."

This was the last bonus paid. Meanwhile the ten-hour experiment had been begun and it became necessary to expend capital in improvements. The following is the circular of 1884:

"By a reference to the circular of March 1st, 1883, it will be seen that attention was called to the gloomy prospect for business at that time.

"We very much regret that the unsatisfactory condition of trade which was feared has been realized, and the result makes it impossible to distribute any bonus to labor this year.

"Some will no doubt argue, that the reason why there are no profits is because of the heavy expenses incurred for improvements. The remark has been made 'That new finishing room will eat up all the bonus this year,' conveying the impression that the current year's profits are used to pay for improvements; such, however, is not the fact. New buildings, or the remodeling of old buildings, and new machinery are paid for from former profits of capital, that is, profits of former successful years which have been laid aside for such purposes. They are simply new tools supplied to labor, to render work easier and its result in profit more certain. The cost of improvements has nothing to do with the profit or loss of a particular year.

"It is believed that the attention to small savings, and care in handling materials, has been as great as heretofore but perfection has not yet been reached. There have been cases of gross carelessness in regard to work. There are still some who do not realize the fact that when they waste for the company they waste for themselves,

and we hope that as time goes by all will see their interest in saving at all points, large and small, and that we shall retain in our employ only those who can understand this matter.

"Many things have made the production this year smaller than that of last year. We are still somewhat doubtful of the wisdom of running only ten hours. We hope, however, that every person will work so faithfully, that we shall be able to continue to do so. With our greatly improved facilities we ought now to turn out goods at a cost to secure a profit, and a consequent bonus to labor next year."

The result of the business of 1884 was even less satisfactory than that of 1883. This was due in large measure to general industrial causes beyond control. But of the employés and their efforts the circular said: "It is believed, however, that a large majority have been as careful and as conscientious as possible and the officers of the company look with pride upon such, hoping and believing that the system of participation will yet produce good results, far beyond what it has accomplished in the past."

PARTICIPATION AT PEACE DALE, BY YEARS.

DATE.	DIVIDEND.	
	Per cent.	Amount.
January 31, 1879,	–	No dividend
January 31, 1880,	Five per cent	$5,842 40
January 31, 1881,	Five per cent	$5,999 65
January 31, 1882,	Three per cent	$3,760 14
January 31, 1883,	Three per cent	$3,760 35
January 31, 1884,	–	No dividend
January 31, 1885,	–	No dividend

The circulars do not state with arithmetical definiteness the basis on which the company decides whether it can divide profits with labor, and if it can what per cent the bonus shall be. The general explanation of the first circular is deemed sufficiently explicit. We are permitted to add, however, that the general rule is, that after all fixed charges are paid including a reasonable dividend on capital, the remaining surplus is divided into substantially equal parts, one-half going to capital, the other half to labor. The initial dividend reserved for capital is smaller than it is in the case of several European

profit sharing concerns. Another extraordinary fact is that no salaries are paid for business management. The management own the stock and are content to call the dividend their reward for both investment and management.

The help have no access to the books of the company, but they watch quotations closely and know pretty accurately what is being accomplished and what to expect.

Both before and since profit sharing was commenced the company and its employés have enjoyed relations of almost unbroken harmony. Twenty-five years ago a strike was threatened on account of a reduction of wages, but it quickly ended in the acceptance of the company's conditions. About the first of July, 1885, a change in the system of fines for mispicks in the weave room created dissatisfaction. The finable faults were made more specific than they had been and the weavers thought the result would be a reduction of their net wages. The trouble was very soon ended with mutual satisfaction. These are the only differences that have occurred in the long history of the business.

There has been no general change in wages since 1878. Wages have been as nearly as possible the average rate paid for like work elsewhere, but with fewer fluctuations. They have been a little lower under a boom and a little higher in times of depression than in most other mills.

Employés in conversation show that they have an intelligent apprehension of the policy of the company and that they understand the conditions of success.

Care was taken to get at the real feeling and opinion of the employés, old and young. They have faith in the sincerity of the company's purpose to promote their wellbeing, and they look upon profit sharing as a good thing for both the company and themselves; not a philanthropy but an excellent business arrangement. Although the amount of an individual bonus is not large, it is valued as a substantial gain and when the end of the year fails to bring it, it is missed.

But of greater importance, unquestionably, than the economic gain is the disciplinary benefit of this form of profit sharing. The development of care and diligence, that is, the moral education of the employé, has been as remarkable as it is gratifying. On this aspect of the experiment the explicit statements

of the circulars, showing the progress from year to year, leave nothing to be said.

The policy of the company has been favored by the isolation of the place. There was no railroad through Peace Dale until 1876. Trade union influence is unknown there and the population contains little of the floating element.

Direct profit sharing is supplemented by various other important measures designed to benefit and encourage deserving employés. This company was a pioneer in the ten-hour experiment and it has persistently encouraged its workpeople to buy or build homes and acquire a permanent interest in the village, instead of occupying rented houses.

Mr. R. G. Hazard was a firm believer in the salutary effect of home owning and his successors fully share his views. Nor has the company's encouragement in this direction been in words only. It has been the practice to extend pecuniary assistance in various ways according to the circumstances of each case. Sometimes it has given possession of a piece of land on an agreement to give a deed when the property should be paid for. In other cases money has been advanced to buy or build a house, a mortgage being taken. There are not less than forty houses in this small village owned by employés of the Peace Dale Manufacturing Company, most of them paid for with money earned in its employ.

The ten-hour experiment was decided on in 1882, when all Rhode Island mills were running 11 hours or longer. It was announced to the help in a circular, dated December 30, setting forth the company's belief that by beginning promptly and working energetically to quitting time as much could be accomplished in ten hours as was being accomplished in eleven. Though the right to discontinue the experiment was reserved, and at the end of a year the company were doubtful of its success, they are now fully satisfied that a day of ten hours is long enough.

No benefit association or other system of insurance has been established as yet. There is no system of pensions but the company at its discretion pensions employés that have been long in its service or keeps them in nominal employment and continues their wages.

A Free Library was endowed by Isaac P. Hazard.

The Hazards have their homes in Peace Dale and make its material and moral prosperity their concern. Their residences are unpretentious, offering no occasion of envy to their employés. Rowland G. Hazard was a Quaker. It was his honorable ambition to make his business a blessing to all connected with it. His influence lives in the policy of the company and in the economic prosperity and moral wellbeing of its workpeople.

Lister Brothers.

The firm of Lister Brothers, proprietors of the Passaic Agricultural Chemical Works, at Newark, N. J., employing 400 to 500 hands, has been in the habit for years of rewarding faithful service by gifts of money in addition to stipulated wages, dividing $2,000 to $3,000 a year in this way. In 1882 profit sharing was tried, but it was discontinued after the division for that year.

The plan of division differed essentially from either of the plans which we have previously described.

A fair valuation of the business having been made, the firm reserved to itself from the year's profit ten per cent net on the valuation. The balance of profit was divided as a bonus among the employés. The division of the bonus was not as a percentage on wages, but by classes constituted as follows:

Class 1. Four or five of the principal men who had been in the service of the firm for many years.

Class 2. The head bookkeepers, salesmen, head foremen and the commodore of Lister Brothers' boats.

Class 3. Captains of boats and foremen about the manufactory.

Class 4. All remaining employés: men, women, and children.

The bonus was the same to each member of a class, so that some earning relatively low wages received as large a bonus as others getting much higher wages.

The sum divided was, in round numbers, $15,000. Individual employés received, in some cases, as much as $250 each.

The bonus was a clear addition to wages, which were not reduced to meet it or in consequence of it. The next year when profit sharing was abandoned the wages of certain individuals who had shown their appreciation by greater application were increased.

The dividend to labor could not have been paid the following year because of a failure to effect a timely settlement with parties owing the firm a considerable sum. Apart from this fact the firm did not feel encouraged to continue the experiment. While most of the employés were very grateful for what they received, others complained that they had been unfairly dealt with. Among the worst complainers were some who had been most liberally remembered. Certain men who had received $250 each "celebrated" by getting drunk — and discharged.

Upon the majority of the employés, however, the effect of the bonus was to encourage them and to incite them to greater diligence in their work during the following year. A man would be heard to say: "I have saved so much waste, next year I shall get such a dividend"; or "I have accomplished so much extra work, I shall get into a higher class."

Some of the most intelligent employés of the firm think that it might have been better had a part of the very large bonus of 1882 been held in reserve toward a bonus the next year and that if this had been done profit sharing would have been continued indefinitely.

Notwithstanding the unfortunate termination of the experiment, the majority of the employés feel very friendly toward Lister Brothers, as they have always done. They have never struck. Some of them have been with the firm for forty years, and a large number from fifteen to twenty years. They live in the firm's tenements, or elsewhere as they choose. They are of many nationalities, Irish, Swedes, and Germans predominating. They are connected with various benefit societies in Newark, but there is no such society maintained by Lister Brothers and their employés conjointly, nor any system of pensions for the superannuated.

*The Pillsbury Flour Mills.**

The most extensive example of profit sharing in the United States is that of the Pillsbury Flour Mills, at Minneapolis.

* We are indebted for this account of the Minneapolis experiment to E. W. Bemis, Ph. D., of Springfield, Mass.

With a daily capacity of 9,500 barrels of flour in their three mills, with an output of flour of $10,000,000 a year, and with an elevator business of $8,000,000 more, it is the largest industry of the kind in the world.

Through the kindness of members of the firm, and of Mr. J. S. Rankin of Minneapolis, the following information has been obtained. After paying the running expenses of all kinds and a moderate interest on the capital invested, which is $2,500,000, together with large sums occasionally borrowed, a certain per cent of the net surplus, the exact per cent not being revealed, is divided among two classes of employés: first, those who have been employed five years, without regard to position, and second, those occupying positions of especial importance, without regard to time employed. The wages of the first class were thereby advanced the past year about fifty per cent and of the second class about sixty-five per cent. The plan went into operation three years ago. Two years ago $25,000, one year ago $26,000, and during the year ending September 24th, 1885, $35,000 were thus divided among about one hundred of the eleven hundred men at work in the mills. The five year limit is now bringing in many, and next year will bring in a large number, as the "A" mill, with a capacity of 6,200 barrels daily, was started about four years ago, and a large increase of force was then hired.

Since a certain portion of the labor is necessarily transient, and many poor workmen have to be sifted out, for it is the intention to employ only the best men obtainable, it has not been thought wise to apply the principle to all the employés; but so satisfactory has the present plan proved to the company, as well as to the men, that it will be extended next year to the elevators. Wages are not below usual market rates; some of the workmen claim that higher wages are paid than in any other mills in the country. Yet the company consider that their plan of profit sharing has greatly increased their own profits by the voluntary service of their men in times of need, by their interest in the business, and in other ways. The evident goodwill of the employés is regarded as the most agreeable result. A leading member of the firm expresses himself very emphatically relative to the financial and moral benefits of the arrangement, and regards it as one that will not

be willingly relinquished. Especial credit is due to Mr. Charles A. Pillsbury for the great success attending this attempt.

Profit Sharing through Stock-owning, in Massachusetts.

So far as the dividend on shares of capital stock held by workmen is the reward of investment it is not an example of profit sharing. Profit sharing is a reward of labor, as such, by participation in the profits of the industrial enterprise in which it is employed. Any confusion of thought on this point would lead to erroneous conclusions.

But when a majority of the workmen in any industrial enterprise are owners of its capital stock and their ownership extends to a majority of the shares, the profits of the business will include an increment which is the reward of labor. Diligence, caretaking, and fidelity are promoted by stock-ownership to a degree that is perceptible in the balance sheet. If the business is making money the dividend will be the larger by reason of this increased efficiency of labor, and in the unsuccessful years the losses will be smaller. When a dividend is paid it is a real, though concealed, case of profit sharing.

Participation by labor, through stock-owning, in the profits of the business in which it is engaged is especially provided for and encouraged in Massachusetts in manufacturing corporations organized as co-operative associations. The term co-operation as here applied requires explanation.

Broadly speaking, all industry carried on by the conjoint efforts of capital, labor, and business talent is co-operation.

In a more special sense a hearty effort of all the parties — workers and capitalists — to make the enterprise a success, in the understanding that the greater the success the greater will be the reward of each individual, in proportion to the services he renders, is co-operation. It is in this sense that the word is used by partnerships and corporations like the Maison Leclaire and the Peace Dale company, which divide profits partly on the basis of capital invested, and partly on the basis of services rendered as measured by wages.

In a still more special sense co-operation means a participation by both labor and capital in the control of an industrial enterprise as well as in the enjoyment of its profits, and special

attention to profit sharing by a distribution of at least a portion of the profits on some other basis than that of capital invested. In all co-operative associations the voting power of capital is limited. The Boston Tailors Associative Union of 1849, the first co-operative association in Massachusetts to engage in production, divided profits in proportion to labor performed. The co-operative stores in this country and in Great Britain divide profits on the basis of purchases. The co-operative productive associations of Great Britain divide partly on capital, partly on wages, and some of them also on purchases.

The co-operative manufacturing corporations of Massachusetts, though authorized by law to distribute their profits "among workmen, purchasers and stockholders," do not in practice divide on any other basis than that of capital invested. Though each stockholder has but one vote the interest of members as stockholders has subordinated their interest as laborers. These corporations are, therefore, profit sharing enterprises only through the distribution of their capital stock. They would be more perfectly co-operative and more perfect types of profit sharing if they divided profits partly on the basis of capital invested and partly on the basis of services rendered as measured by wages.

Co-operative corporations were authorized by chapter 290 of the Acts of 1866. The act provided that seven or more persons of lawful age, inhabitants of this Commonwealth, might, by written articles of agreement, associate themselves for purposes of trade, or for carrying on any lawful mechanical, manufacturing or agricultural business within the State, and in due process become a corporation enjoying the usual powers and privileges, and subject to the usual duties, restrictions, and liabilities of similar corporations, except as these were limited or enlarged by this act. The business management was to be vested in a president, a board of not less than three directors, and a treasurer, chosen by the stockholders annually, and such other officers as should be prescribed by the by-laws. The distinctive provisions were those of sections 5, 7, 8, and 12, as follows:

SECT. 5. The amount of capital stock of such association shall be fixed and limited in its articles of association, and it may be any sum not exceeding fifty thousand dollars. The association may increase or diminish its amount and its number of shares at any meeting of the stockholders, specially called for that purpose, and within thirty days after the passing of any vote increasing or diminishing its capital stock, shall cause such vote to be recorded in the clerk's office of the place where its business is carried on, but no share shall be issued for less than its par value.

SECT. 7. Such association may take, hold and convey such real and personal estate as is necessary for the purposes of its organization, and may sue and be sued in its associate name; and no member thereof shall be entitled to hold or claim any interest therein exceeding the sum of one thousand dollars; nor shall any member, upon any subject, be entitled to more than one vote.

SECT. 8. No certificate of shares shall be issued to any person until the full amount thereof shall have been paid in cash. No person shall be allowed to become a shareholder in such association except by the consent of the managers of the same.

SECT. 12. There shall be such distribution of the profits or earnings of such association among the workmen, purchasers and stockholders, as shall be described by the by-laws, at such times as therein prescribed, and as often, at least, as once in twelve months: *provided*, that no distribution shall be declared and paid until a sum equal at least to ten per cent of the net profits shall be appropriated for a contingent or sinking fund, until there shall have accumulated a sum equal to thirty per cent in excess of such capital stock.

The corporation laws of the State were recast in chapter 224 of the Acts of 1870 (Public Statutes, chapter 106). The distinctive provisions for co-operative associations above quoted were embodied in the new statute, with the exception of section 8. Practically, it is possible for directors without the express permission of that section to exercise choice when stock is for sale in virtue of the customary by-law that shares for sale must be offered first to the corporation. In the new law the capital of a co-operative association was required to be not less than $1,000; the word "co-operative" was required to form part of the corporate name, and shares to an amount not exceeding twenty dollars in the aggregate were exempted from attachment and execution. In 1879 the maximum capital stock was fixed at $100,000.

The following investigation extends only to co-operative enterprises engaged in manufacturing industry, because only

these exhibit the feature we are here studying, namely, participation in the profits of an enterprise by the workers who perform the labor of that enterprise, and who for the time are dependent on that enterprise for employment. In co-operative distribution there is but little labor performed, and the customers among whom the profits are divided are not employed by or depending for employment on their store. For a similar reason we exclude the co-operative creameries and milk associations, the stockholders of which, as a rule, are independent farmers. The two or three co-operative printing and newspaper publishing associations, ice companies, and the like might be classed with the manufacturing companies as profit sharing enterprises, but they represent very little capital and contain too few individuals to make their investigation, at this time, worth while.

Co-operative Manufacturing in Massachusetts: 1870 to 1875.

In the five years, 1870 to 1875, there were organized thirteen co-operative manufacturing corporations, only two of which are now in existence. The Somerset Co-operative Foundry Company, organized October 18, 1867, was in active operation during this period. Its history down to the present time is given elsewhere.

The Union Cigar Makers' Co-operative Association was established at Westfield prior to 1870, probably in 1869. Its capital in 1870 was $1,750 in nine shares. In 1872 the capital was $7,000 in seven shares. The assets and debts of the association for certain years are presented in tabular form, as follows:

Assets and Debts.	1870	1872	1873	1874
Assets,	$11,361	$27,800	$32,050	$7,000
Debts,	8,009	24,839	23,530	none

The North Adams Co-operative Shoe Company, at Adams, was organized June 21, and chartered July 13, 1870. Its capital was $6,000 divided into 60 shares; increased in 1871 to

$6,400 and 64 shares. A statement of the assets and debts from 1871 to 1875, when its last report was made, follows:

Assets and Debts.	1871	1872	1873	1874	1875
Assets,	$12,092	$10,685	$9,671	$15,858	$3,454
Debts,	5,045	3,274	3,273	4,354	200

The Hampden Co-operative Association was organized, to manufacture cigars, at Westfield, December 20, and chartered December 28, 1870. Its capital was $4,000 in eight shares. Its last report was made in 1874, when its capital was $8,000 in sixteen shares, its assets, $44,005, and its liabilities, $36,144.

The Howard Co-operative Company was organized at Lynn, February 6, and chartered February 28, 1871. Its capital was $2,000 in 11 shares. The assets and debts for 1873 and 1874 were as follows:

Assets and Debts.	1873	1874
Assets,	$4,574	$4,511
Debts,	1,975	2,056

The Cigar Manufacturers' Co-operative Association was organized at Westfield, June 17, and chartered June 26, 1871. Its capital was $2,400 in twelve shares, which was soon increased to $12,000. The following were the assets and debts for 1872 and 1873:

Assets and Debts.	1872	1873
Assets,	$56,989	$71,945
Debts,	47,874	55,620

The Essex Co-operative Boot and Shoe Company was organized at Lynn, August 20, and chartered September 2, 1872. Its assets in 1874 were $8,077 and its liabilities, $4,251. Its

last return was for the year 1876, when it reported its assets as $9,648 and debts, $5,881.

The Sagamore Co-operative Boot and Shoe Company of Lynn was organized August 29, and chartered September 6, 1872. Its capital was $2,000 in forty shares. It never made a report.

The East Templeton Co-operative Chair Company, chartered October 25, 1872, is still in successful operation. Its condition since 1875 may be followed in the tables, and its history in subsequent pages.

The Stoneham Co-operative Shoe Company was chartered January 10, 1873. It has enjoyed great success to the present time. Its history is given in full, and its yearly condition since 1875 in the tables. In 1874 its assets were $20,259 and its liabilities, $9,401.

The Truro Co-operative Boot and Shoe Manufacturing Company was organized at Truro, February 6, and chartered February 11, 1873. Its capital was $2,100 in 21 shares. It never made a report.

The Westfield Cigar Makers' Co-operative Association was organized at Westfield, September 8, and chartered September 12, 1873. Its capital was $1,050 in seven shares, increased the next year to $1,200 in eight shares. Its assets in 1874 were $8,511 and its liabilities, $6,103. Its last report was made in 1876, when its assets were $4,176 and its debts, $7,222.

The Springfield Cigar Makers' Co-operative Association was organized at Springfield, September 17, and chartered December 19, 1873. Its capital was $3,500 in seven shares. In 1874 its assets were $5,214 and its liabilities, $4,940. Its last report was made in 1875 when its assets were $12,115 and its debts, $8,000.

The Massachusetts Cigar Makers' Co-operative Association was organized at Westfield, December 23, and chartered December 27, 1873. Its capital was $1,200 in eight shares. Its last report was made in 1878.

The Eastern Co-operative Association was organized, to manufacture cigars, at Westfield, January 8, and chartered January 24, 1874. Its capital was $4,500 in nine shares. Its last report was made in 1878.

Co-operative Manufacturing in Massachusetts: 1875 to 1884.

Since 1875 the abstracts of certificates of corporations have given in detail many important statistics previously lumped under assets and liabilities, and the tabulation has been uniform from year to year. The following tables, compiled from the annual abstracts, exhibit the rise and fall of co-operative manufacturing enterprises in this State for the ten years beginning 1875, specifying in many cases the value of machinery and of materials and products in process, and indicating in some degree by the figures of cash and debts receivable, and of debts owed, the volume of business. The figures given in the tables indicate the condition of each company at the time of the holding of the annual meeting, which, in the majority of cases, has occurred in the month of January, of the year named, or in the months of November or December immediately preceding. A few of the companies, however, have held their annual meetings from four to seven months later, namely, the National and Marlborough in May; the Springfield and Leonard in June; the North Adams and Westfield in July, and the Athol in August. No returns were made for the Orient, in 1877, and the Wakefield, in 1884.

If any association, that should have been included, has been omitted from these tables, or from the foregoing record of companies organized before 1875, — though we think none has been — it is because we have been unable to ascertain that it was a manufacturing company.

Progress of Co-operative Manufacturing

1875.

	Name and Location.	Product.	Date of Organization.
1	Eastern Co-operative Association, Westfield.	Cigars.	Jan. 8, 1874
2	East Templeton Co-operative Chair Co., Templeton.	Chairs, etc.	Oct. 19, 1872
3	Essex Co-operative Boot and Shoe Co., Lynn.	Shoes.	Aug. 20, 1872
4	Massachusetts Cigar Makers' Co-operative Association, Westfield.	Cigars.	Dec. 23, 1873
5	North Adams Co-operative Shoe Co., North Adams.	Shoes.	June 21, 1870
6	Stoneham Co-operative Shoe Co., Stoneham.	Shoes.	Jan. 9, 1873
7	Springfield Cigar Makers' Co-operative Association, Springfield.	Cigars.	Sept. 17, 1873
8	Somerset Co-operative Foundry Co., Somerset.	Stoves and castings.	Oct. 18, 1867
9	Westfield Cigar Makers' Co-operative Association, Westfield.	Cigars.	Sept. 8, 1873

1876.

1	Eastern Co-operative Association, Westfield.	Cigars.	Jan. 8, 1874
2	East Templeton Co-operative Chair Co., Templeton.	Chairs, etc.	Oct. 19, 1872
3	Essex Co-operative Boot and Shoe Co., Lynn.	Shoes.	Aug. 20, 1872
4	Massachusetts Cigar Makers' Co-operative Association, Westfield.	Cigars.	Dec. 23, 1873
5	Stoneham Co-operative Shoe Co., Stoneham.	Shoes.	Jan. 9, 1873
6	Somerset Co-operative Foundry Co., Somerset.	Stoves and castings.	Oct. 18, 1867
7	Westfield Cigar Makers' Co-operative Association, Westfield.	Cigars.	Sept. 8, 1873
8	Middlesex Co-operative Boot and Shoe Co., Stoneham.	Boots and shoes.	March 4, 1875
9	National Cigar Makers' Co-operative Association, Westfield.	Cigars.	April 28, 1875
10	Phœnix Cigar Makers' Co-operative Association, Westfield.	Cigars.	June 5, 1875

1877.

1	Eastern Co-operative Association, Westfield.	Cigars.	Jan. 8, 1874
2	East Templeton Co-operative Chair Co., Templeton.	Chairs, etc.	Oct. 19, 1872
3	Massachusetts Cigar Makers' Co-operative Association, Westfield.	Cigars.	Dec. 23, 1873
4	Stoneham Co-operative Shoe Co., Stoneham.	Shoes.	Jan. 9, 1873
5	Somerset Co-operative Foundry Co., Somerset.	Stoves and castings.	Oct. 18, 1867
6	Middlesex Co-operative Boot and Shoe Co., Stoneham.	Boots and shoes.	March 4, 1875
7	National Cigar Makers' Co-operative Association, Westfield.	Cigars.	April 28, 1875
8	Phœnix Cigar Makers' Co-operative Association, Westfield.	Cigars.	June 5, 1875
9	Marlborough Co-operative Boot and Shoe Co., Marlborough.	Boots and shoes.	May 23, 1876
10	Orient Co-operative Boot and Shoe Co., Marlborough.	Boots and shoes.	June 23, 1876

Enterprises in Massachusetts: 1875 to 1884.

1875.

Date of Charter.	Capital Stock.	Number of Shares.	Total Assets.	Machinery.	Manufactures, Materials, and Stocks in Process.	Cash and Debts Receivable.	Debts.	Balance of Profit and Loss.	
Jan. 24, 1874	$4,500	9	$11,337	–	$5,000	$6,337	$6,659	$178	1
Oct. 25, 1872	15,000	150	32,337	–	10,788	10,799	16,834	498	2
Sept. 2, 1872	4,000	8	12,761	$1,389	2,508	8,829	8,498	–	3
Dec. 27, 1873	1,500	9	12,134	–	5,376	6,173	9,425	1,209	4
July 13, 1870	6,400	64	3,454	500	100	–	200	–	5
Jan. 10, 1873	10,000	40	22,434	1,309	3,680	17,446	7,990	4,444	6
Dec. 19, 1873	3,500	7	12,115	none	–	–	8,000	615	7
–	30,000	300	77,830	–	19,353	29,926	17,361	6,000	8
Sept. 12, 1873	1,350	9	11,925	–	5,900	6,000	8,111	–	9

1876.

Jan. 24, 1874	$4,500	9	$7,557	–	$2,015	$5,220	$6,908	–	1
Oct. 25, 1872	15,000	150	32,242	$9,720	11,078	8,010	17,242	–	2
Sept. 2, 1872	4,000	8	9,648	1,463	2,197	5,953	5,881	–	3
Dec. 27, 1873	7,000	10	15,717	–	5,595	9,790	7,148	–	4
Jan. 10, 1873	10,000	40	16,684	1,762	5,258	9,130	5,896	$253	5
–	30,000	300	75,424	–	16,140	30,342	10,600	6,000	6
Sept. 12, 1873	1,350	9	4,176	–	1,418	2,529	7,222	4,397	7
March 17, 1875	10,000	40	14,249	2,159	3,897	8,193	4,241	8	8
May 7, 1875	2,100	7	5,158	–	2,420	2,501	2,772	286	9
June 22, 1875	3,500	7	8,772	–	4,000	4,772	4,113	1,159	10

1877.

Jan. 24, 1874	$4,500	9	$1,003	–	$3	$1,000	$2,160	–	1
Oct. 25, 1872	15,000	150	33,358	–	–	–	18,358	$1,269*	2
Dec. 27, 1873	7,000	10	14,738	–	5,857	8,549	4,986	–	3
Jan. 10, 1873	10,000	40	19,372	$1,309	6,594	11,469	6,811	1,800	4
–	30,000	300	79,617	–	18,437	30,441	15,883	2,910	5
March 17, 1875	10,000	40	20,474	2,214	2,847	13,593	8,626	756	6
May 7, 1875	2,100	7	40	–	–	40	–	–	7
June 22, 1875	3,500	7	8,237	–	4,027	4,210	4,630	107	8
May 25, 1876	10,000	40	15,724	3,113	3,606	4,767	5,724	–	9
June 24, 1876	2,000	20	–	–	–	–	–	–	10

* Loss.

Progress of Co-operative Manufacturing

1878.

	Name and Location.	Product.	Date of Organization.
1	East Templeton Co-operative Chair Co., Templeton.	Chairs, etc.	Oct. 19, 1872
2	Massachusetts Cigar Makers' Co-operative Association, Westfield.	Cigars.	Dec. 23, 1873
3	Stoneham Co-operative Shoe Co., Stoneham.	Shoes.	Jan. 9, 1873
4	Somerset Co-operative Foundry Co., Somerset.	Stoves and castings.	Oct. 18, 1867
5	Middlesex Co-operative Boot and Shoe Co., Stoneham.	Boots and shoes.	Mar. 4, 1875
6	Phœnix Cigar Makers' Co-operative Association, Westfield.	Cigars.	June 5, 1875
7	Marlborough Co-operative Boot and Shoe Co., Marlborough.	Boots and shoes.	May 23, 1876
8	Kingston Co-operative Foundry, Kingston.	Stoves, machinery, and castings.	Dec. 2, 1876
9	Leonard Co-operative Foundry, Taunton.	Ranges, stoves, and hollow ware.	May 14, 1877

1879.

1	East Templeton Co-operative Chair Co., Templeton.	Chairs, etc.	Oct. 19, 1872
2	Stoneham Co-operative Shoe Co., Stoneham.	Shoes.	Jan. 9, 1873
3	Somerset Co-operative Foundry Co., Somerset.	Stoves and castings.	Oct. 18, 1867
4	Middlesex Co-operative Boot and Shoe Co., Stoneham.	Boots and shoes.	Mar. 4, 1875
5	Phœnix Cigar Makers' Co-operative Association, Westfield.	Cigars.	June 5, 1875
6	Kingston Co-operative Foundry, Kingston.	Stoves, machinery, and castings.	Dec. 2, 1876
7	Leonard Co-operative Foundry, Taunton.	Ranges, stoves, and hollow ware.	May 14, 1877

1880.

1	East Templeton Co-operative Chair Co., Templeton.	Chairs, etc.	Oct. 19, 1872
2	Stoneham Co-operative Shoe Co., Stoneham.	Shoes.	Jan. 9, 1873
3	Somerset Co-operative Foundry Co., Somerset.	Stoves and castings.	Oct. 18, 1867
4	Middlesex Co-operative Boot and Shoe Co., Stoneham.	Boots and shoes.	Mar. 4, 1875
5	Phœnix Cigar Makers' Co-operative Association, Westfield.	Cigars.	June 5, 1875
6	Kingston Co-operative Foundry, Kingston.	Stoves, machinery, and castings.	Dec. 2, 1876
7	Leonard Co-operative Foundry, Taunton.	Ranges, stoves, and hollow ware.	May 14, 1877
8	Athol Co-operative Furniture Co., Athol.	Furniture.	Aug. 5, 1879
9	Co-operative Furniture Co., Orange.	Furniture.	Dec. 6, 1878

Enterprises in Massachusetts: 1875 to 1884 — Continued.

1878.

Date of Charter.	Capital Stock.	Number of Shares.	Total Assets.	Machinery.	Manufactures, Materials, and Stocks in Process.	Cash and Debts Receivable.	Debts.	Balance of Profit and Loss.	
Oct. 25, 1872	$15,000	150	$35,166	–	$11,050	$11,242	$20,013	$153	1
Dec. 27, 1873	7,000	10	8,649	–	2,656	5,625	$7,186	–	2
Jan. 10, 1873	10,000	40	17,674	2,202	5,295	6,175	7,555	–	3
–	30,000	300	68,465	–	12,834	30,632	13,711	–	4
Mar. 17, 1875	10,000	40	23,149	2,299	4,478	2,890	12,957	–	5
June 22, 1875	3,500	7	8,178	–	2,392	5,288	3,538	1,140	6
May 25, 1876	10,000	40	10,002	3,113	873	1,393	2	4,206	7
July 14, 1877	9,300	93	12,775	1,727	3,202	1,244	3,442	33	8
May 23, 1877	25,000	250	36,827	1,000	15,651	3,509	11,388	–	9

1879.

Oct. 25, 1872	$15,000	150	$33,465	$3,000	$9,935	$11,462	–	$762	1
Jan. 10, 1873	10,000	40	20,703	2,537	4,221	13,945	$8,056	843	2
–	30,000	300	69,953	–	16,568	20,841	15,429	–	3
Mar. 17, 1875	10,000	40	20,915	2,628	4,155	14,132	9,457	500	4
June 22, 1875	3,500	7	5,806	none	2,619	3,187	2,067	239	5
July 14, 1877	10,800	108	14,919	1,766	3,437	2,608	3,112	107	6
May 23, 1877	25,000	250	38,862	1,000	10,601	7,163	12,920	942	7

1880.

Oct. 25, 1872	$15,000	150	$34,539	$2,800	$9,929	$14,287	$18,613	$757	1
Jan. 10, 1873	10,000	40	27,733	$2,994	7,670	17,069	15,796	–	2
–	30,000	300	65,000	10,088	10,691	27,511	12,626	$4,476	3
Mar. 17, 1875	10,000	40	25,461	2,616	8,753	14,092	14,591	450	4
June 22, 1875	3,500	7	7,106	–	2,633	4,473	3,438	–	5
July 14, 1877	11,550	115½	18,971	1,780	5,064	4,828	6,886	535	6
May 23, 1877	25,000	250	39,772	1,000	10,620	8,054	13,319	511	7
Aug. 27, 1879	3,689	30	6,789	none	4,414	1,850	2,677	–	8
Dec. 9, 1878	1,500	15	9,619	–	7,334	2,285	7,109	1,010	9

PROGRESS OF CO-OPERATIVE MANUFACTURING

1881.

	Name and Location.	Product.	Date of Organization.
1	East Templeton Co-operative Chair Co., Templeton.	Chairs, etc.	Oct. 19, 1872
2	Stoneham Co-operative Shoe Co., Stoneham.	Shoes.	Jan. 9, 1873
3	Somerset Co-operative Foundry Co., Somerset.	Stoves and castings.	Oct. 18, 1867
4	Middlesex Co-operative Boot and Shoe Co., Stoneham.	Boots and shoes.	Mar. 4, 1875
5	Phœnix Cigar Makers' Co-operative Association, Westfield.	Cigars.	June 5, 1875
6	Kingston Co-operative Foundry, Kingston.	Stoves, machinery, and castings.	Dec. 2, 1876
7	Leonard Co-operative Foundry, Taunton.	Ranges, stoves, and hollow ware.	May 14, 1877
8	Athol Co-operative Furniture Co., Athol.	Furniture.	Aug. 5, 1879
9	Co-operative Furniture Co., Orange.	Furniture.	Dec. 6, 1878
10	Greenfield Co-operative Manufacturing Co., Greenfield.	Hardware.	April 7, 1880

1882.

	Name and Location.	Product.	Date of Organization.
1	East Templeton Co-operative Chair Co., Templeton.	Chairs, etc.	Oct. 19, 1872
2	Stoneham Co-operative Shoe Co , Stoneham.	Shoes.	Jan 9, 1873
3	Somerset Co-operative Foundry Co., Somerset.	Stoves and castings.	Oct. 18, 1867
4	Middlesex Co-operative Boot and Shoe Co., Stoneham.	Boots and shoes.	Mar. 4, 1875
5	Phœnix Cigar Makers' Co-operative Association, Westfield.	Cigars.	June 5, 1875
6	Kingston Co-operative Foundry, Kingston.	Stoves, machinery, and castings.	Dec. 2, 1876
7	Leonard Co-operative Foundry, Taunton.	Ranges, stoves, and hollow ware.	May 14, 1877
8	Athol Co-operative Furniture Co., Athol.	Furniture.	Aug. 5, 1879
9	Co-operative Furniture Co., Orange.	Furniture.	Dec. 6, 1878
10	Greenfield Co-operative Manufacturing Co., Greenfield.	Hardware.	April 7, 1880

1883.

	Name and Location.	Product.	Date of Organization.
1	East Templeton Co-operative Chair Co., Templeton.	Chairs, etc.	Oct. 19, 1872
2	Stoneham Co-operative Shoe Co., Stoneham.	Shoes.	Jan. 9, 1873
3	Somerset Co-operative Foundry Co., Somerset.	Stoves and castings.	Oct. 18, 1867
4	Middlesex Co-operative Boot and Shoe Co., Stoneham.	Boots and shoes.	Mar. 4, 1875
5	Kingston Co-operative Foundry, Kingston.	Stoves, machinery, and castings.	Dec. 2, 1876
6	Leonard Co-operative Foundry, Taunton.	Ranges, stoves, and hollow ware.	May 14, 1877
7	Athol Co-operative Furniture Co., Athol.	Furniture.	Aug. 5, 1879
8	Greenfield Co-operative Manufacturing Co., Greenfield.	Hardware.	April 7, 1880
9	American Co-operative Boot and Shoe Co., Stoneham.	Boots and shoes.	Oct. 4, 1882

ENTERPRISES IN MASSACHUSETTS: 1875 TO 1884 — Continued.

1881.

	Date of Charter.	Capital Stock.	Number of Shares.	Total Assets.	Machinery.	Manufactures, Materials, and Stocks in Process.	Cash and Debts Receivable.	Debts.	Balance of Profit and Loss.	
Oct.	25, 1872	$15,000	150	$31,167	–	$6,956	$12,104*	$16,167	–	1
Jan.	10, 1873	15,000	60	37,406	$2,796	10,100	19,010	17,990	$4,390	2
	–	30,000	300	63,002	–	11,166	28,228	8,425	8,053	3
Mar.	17, 1875	10,000	40	30,164	2,898	9,130	17,772	17,780	1,380	4
June	22, 1875	3,500	7	7,361	–	2,726	4,273	3,359	–	5
July	14, 1877	16,000	160	21,390	1,666	2,965	9,301	7,700	354	6
May	23, 1877	25,000	250	44,336	1,000	13,810	8,332	12,655	–	7
Aug.	27, 1879	5,000	–	11,236	300	4,200	3,130	6,363	2,557	8
Dec.	9, 1878	3,200	–	11,168	–	9,138	2,030	7,203	–	9
April	16, 1880	10,000	50	12,780†	3,884	5,623	1,543	9,381	1,700‡	10

* $4,760 is for insurance, having lost $7,822 by fire. † Total liabilities, $14,481. ‡ Loss.

1882.

	Date of Charter.	Capital Stock.	Number of Shares.	Total Assets.	Machinery.	Manufactures, Materials, and Stocks in Process.	Cash and Debts Receivable.	Debts.	Balance of Profit and Loss.	
Oct.	25, 1872	$20,000	200	$42,894	$6,539	$11,807	$5,174	$22,894	–	1
Jan.	10, 1873	15,000	60	39,225	1,351	10,474	20,553	19,481	$3,015	2
	–	30,000	300	61,022	–	11,710	25,756	3,591	6,904	3
Mar.	17, 1875	10,000	40	32,303	2,643	8,795	20,865	16,905	1,249	4
June	22, 1875	3,500	7	6,418	–	1,657	4,457	2,589	–	5
July	14, 1877	16,000	160	20,565	1,666	1,982	8,395	7,968	35	6
May	23, 1877	25,000	250	44,855	1,000	11,912	11,845	10,006	4,418	7
Aug.	27, 1879	5,000	–	7,066	314	3,071	3,181	3,258	1,066†	8
Dec.	9, 1878	1,500*	–	5,336	–	–	5,336	–	1,936	9
April	16, 1880	10,000	50	34,348	8,483	15,598	6,944	28,910	38	10

* Increased to $3,400. † Deficit.

1883.

	Date of Charter.	Capital Stock.	Number of Shares.	Total Assets.	Machinery.	Manufactures, Materials, and Stocks in Process.	Cash and Debts Receivable.	Debts.	Balance of Profit and Loss.	
Oct.	25, 1872	$20,000	200	$48,942	$6,239	$13,860	$8,900	$28,942	–	1
Jan.	10, 1873	20,000	80	60,476	2,128	16,207	35,074	31,924	$4,792	2
	–	30,000	300	59,369	–	9,742	26,507	2,510	–	3
Mar.	17, 1875	10,000	40	31,851	2,456	8,543	20,852	18,469	2,500	4
July	14, 1877	15,000	150	17,956	1,666	4,358	4,925	5,608	52	5
May	23, 1877	25,000	250	49,154	1,000	18,109	11,045	10,545	5,260	6
Aug.	27, 1879	5,000	–	5,984	300	4,402	835	1,635	–	7
April	16, 1880	10,000	50	24,879	7,240	11,197	1,064	19,479	2,827*	8
Oct.	10, 1882	15,000	40	–	–	–	–	–	–	9

* Deficit.

PROGRESS OF CO-OPERATIVE MANUFACTURING

1884.

	NAME AND LOCATION.	Product.	Date of Organization.
1	East Templeton Co-operative Chair Co., Templeton.	Chairs, etc.	Oct. 19, 1872
2	Stoneham Co-operative Shoe Co., Stoneham.	Shoes.	Jan. 9, 1873
3	Somerset Co-operative Foundry Co., Somerset.	Stoves and castings.	Oct. 18, 1867
4	Middlesex Co-operative Boot and Shoe Co., Stoneham.	Boots and shoes.	Mar. 4, 1875
5	Kingston Co-operative Foundry, Kingston.	Stoves, machinery, and castings.	Dec. 2, 1876
6	Leonard Co-operative Foundry, Taunton.	Ranges, stoves, and hollow ware.	May 14, 1877
7	Athol Co-operative Furniture Co., Athol.	Furniture.	Aug. 5, 1879
8	American Co-operative Boot and Shoe Co., Stoneham.	Boots and shoes.	Oct. 4, 1882
9	Franklin Co-operative Boot and Shoe Co., Stoneham.	Boots and shoes.	March 30, 1883
10	Wakefield Co-operative Shoe Co., Wakefield.	Boots and shoes.	Nov. 15, 1883

Co-operative Manufacturing in Massachusetts: 1885.

There were ten co-operative manufacturing companies in operation in this State last year. A personal visit was made to each company. From the data thus obtained at first hand we present their history, with the lessons of their experience, and statistics concerning their capital, production, dividends, wages, and distribution of shares. To facilitate comparisons the untabulated facts are arranged as far as possible in numbered paragraphs. Where the present tense is used the summer of 1885 is to be understood.

The Somerset Co-operative Foundry.

The Somerset Co-operative Foundry at Somerset is the oldest co-operative manufacturing company in the State, and one of the most successful. Its history is a valuable example to workingmen capitalists of what can be accomplished by good management and a disposition to work harmoniously together. A little company of working molders bought a foundry business that had proved a failure under individual management and developed it into an important dividend-paying enterprise.

The Boston Stove Foundry commenced operations at Somerset in 1854. It was run at a loss from the start until 1867,

ENTERPRISES IN MASSACHUSETTS: 1875 TO 1884 — Concluded.

1884.

Date of Charter.	Capital Stock.	Number of Shares.	Total Assets.	Machinery.	Manufactures, Materials, and Stocks in Process.	Cash and Debts Receivable.	Debts.	Balance of Profit and Loss.	
Oct. 25, 1872	$20,000	200	$40,769	$4,723	$10,576	$10,141	$24,935	–	1
Jan. 10, 1873	20,000	80	59,367	3,543	16,616	32,141	29,612	$4,000	2
–	30,000	300	65,083	6,600	19,081	22,882	6,700	4,375	3
Mar. 17, 1875	10,000	40	39,612	3,196	9,412	24,446	23,231	4,618	4
July 14, 1877	11,900	119	22,498	2,567	2,843	7,304	9,574	628	5
May 23, 1877	25,000	250	51,684	1,000	20,667	11,017	10,245	4,330	6
Aug. 27, 1879	5,000	–	7,229	2,000	1,973	524	2,297	2,732*	7
Oct. 10, 1882	20,000	80	40,165	3,863	6,253	30,019	19,787	1,923	8
April 30, 1883	10,000	40	12,576	2,064	1,594	5,418	2,576	–	9
Nov. 17, 1883	15,000	150	–	–	–	–	–	–	10

* Loss by fire and depreciation.

when William M. Bartlett of Newburyport, a molder, and molders at Somerset talked up the project of a co-operative company. An organization was effected October 18, with twenty-four stockholders. A capital of $15,000 was paid in within thirty days and the plant of the Boston foundry was purchased for $7,000. The first year's business amounted to $25,000, but the balance sheet showed a net loss of $30.87. Each succeeding year brought better fortune. The capital stock was gradually increased until in 1873 it reached $30,000, where it remains. The value of the product rose to $75,000 a year; soon after starting, a new cupola, boiler, engine, and blower were put in, and the capital invested, from time to time, in new flasks and patterns amounts to $50,000, all of it earned in the business. The company has always enjoyed excellent credit and the management has been fortunate in avoiding losses through untrustworthy customers.

Statistics showing for this company the capital, product, workers, wages, distribution of stock, and dividends, follow:

CAPITAL, PRODUCT, WORKERS, AND WAGES.

CLASSIFICATION.	Number or Value.	CLASSIFICATION.	Number or Value.
Capital,	$30,000	No. of employés not stockholders,	10
Par value of shares,	$100	Aggregate wages per month (working five days a week),	$3,033
Highest price paid for shares when transferred,	$145	Salaries: secretary, treasurer, and superintendent,	$1,080
Lowest price paid for shares when transferred,	$110	Salesman (besides expenses),	$1,200
Value of annual product,	$75,000		
No. of stockholders employed,	30		

DISTRIBUTION OF STOCK.

No. of original stockholders,	24	Present No. of stockholders,	48
Twenty-one held 5 shares each		The company holds 15 shares	
One " 2 "		Five hold 10 " each	
Two " 1 share "		Four " 8 " "	
		Seven " 7 " "	
		Eleven " 6 " "	
		Fifteen " 5 "	
		One holds 4 "	
		Four hold 2 " "	
		One holds 1 share	

DIVIDENDS.

Year.	DIVIDEND.	Year.	DIVIDEND.
1870	9 per cent, and 1 per cent paid into reserve fund.	1877	10 per cent.
1871	A stock dividend of 15 per cent.	1878	10 per cent.
1872	10 per cent.	1879	No dividend.
1873	No dividend.	1880	No dividend.
1874	10 per cent.	1881	10 per cent.
1875	No dividend.	1882	10 per cent.
1876	10 per cent.	1883	10 per cent.
		1884	10 per cent.

In the distribution of stock, the tendency toward larger holdings will be noticed. In several cases wives and brothers have bought, making more than ten shares controlled by one family. The company does not encourage outside shareholding, preferring to keep the stock in the hands of men employed in its work.

1. The product is sold in New England, New York, and the West on 30 days to six months settlements.

2. Stock-owning gives a preference in regard to employment and the sons of stockholders are preferred as apprentices.

3. The business is managed by an agent, treasurer, and foreman, subject to the directors. The management have power to discharge for unsatisfactory service, but it has never been necessary to take this direct action to get rid of an unsatisfactory member. In one case, a member who was not in harmony with the company sold his stock, and afterward when he desired to repurchase he was not allowed to do so.

4. Shares for sale must be offered first to the company, and in taking in new members care is exercised to preserve the harmony of interests.

5. Most of the stockholders are workmen.

6. There is some day work, but piece, or job work predominates.

7. Wages are now paid fortnightly.

8. The prices for job work are gauged with reference to market rates elsewhere. In January, 1879, there was a reduction of twenty per cent on job work. Receipts show that some of the best molders were making, previous to the cut, $160 a month. In 1881 ten per cent was restored. The rates for day work have not varied much. It is paid $1.50 to $3.75.

9. Wages are uniform, for the same kind and amount of work, between employés who are stockholders and those who are non-stockholders.

10. Frequent changes of management are not approved of. There have been but three presidents and three treasurers (two of the latter being father and son, and the other being afterward president), and but few changes in the board of directors.

A large working capital is maintained.

Members individually and the management, as such, declare that they are satisfied that stock-owning improves the quality and increases the quantity of work accomplished, and that this goes far to account for the success attained.

A large proportion of the members are middle-aged men and heads of families. Nearly or quite all are of New England stock and birth. All are of steady habits so far as to be always in working condition, and the majority are of saving habits. The few that spend as fast as they earn are usually the source of the few dissatisfactions and misunderstandings that arise.

BY-LAWS OF THE SOMERSET FOUNDRY.

ARTICLE 1. This company shall be known by the name and title of the Somerset Co-operative Foundry Company. The business of this company shall be the manufacturing of iron castings.

ART. 2. The capital stock of this company shall consist of

fifteen thousand dollars, divided into one hundred and fifty shares, of one hundred dollars each, and no person shall be permitted to hold an amount to exceed ten shares.

ART. 3. All stock shall be paid for within thirty days from the time of subscribing, and no one shall be a member of this association or entitled to vote in its meetings until they have paid an amount equal to one share.

ART. 4. The salary of the officers shall be fixed at the yearly meetings.

ART. 5. The officers of this company shall consist of a president, treasurer, and of not more than thirteen directors, who shall be styled a board of managers; they shall also have a corporation clerk and foreman.

ART. 6. The board of managers shall have power to make such prudential by-laws as they may deem proper for the management and disposition of the capital stock and business affairs of the company, not inconsistent with the laws of this State, as they may elect, and of the prescribing the duties of officers.

ART. 7. It shall be the duty of the president to preside at all meetings of the directors and stockholders; he shall make and execute all contracts as directed by the board of managers; he shall be the authorized agent of the company, and his signature when attested by the clerk shall be the bond of the company.

ART. 8. The clerk shall keep a correct record of the meetings of the stockholders, and the board of managers; he shall be chairman of the finance committee, and perform such other duties as the board of managers may prescribe.

ART. 9. The treasurer shall have charge of the funds of the company; he shall receipt for all money received by him, and deposit the same in such place as the board of managers may designate; before entering upon the duties of his office, he shall give bonds in the penal sum of five thousand dollars for the faithful performance of the duties of his office, said bonds to be acceptable to the board of managers.

ART. 10. There shall be annual meetings of the stockholders for the choice of officers held on the second Monday in January of each year, and special meetings of the stockholders may be called by the president at any time by giving seven days' notice of the time and place of, and object of, the meetings, by mail or otherwise, to all the stockholders, and in the absence or inability of the president to perform the duties of his office, it shall be the duty of the clerk upon the application of five or more of the stockholders of the company in writing, setting forth the object of the meeting, to notify the stockholders in the same manner prescribed by the president.

ART. 11. The board of managers shall hold regular meetings at least once in each month, or when ordered by the president, for the transaction of any business that may require their attention; it shall require a majority of the board to constitute a quorum for business.

ART. 12. There shall be such distribution of the profits or earnings of the association among the workmen, purchasers and stockholders as shall be described by the by-laws, at such times as therein prescribed and as often as once in twelve months, provided that no distribution shall be declared and paid until a sum equal to at least ten per cent of the net profits shall be appropriated for a contingent or sinking fund, until there shall have accumulated a sum equal to thirty per cent in excess of such capital stock.

ART. 13. Members employed by this company shall conduct themselves properly, and for the interest of the company, failing to do so they subject themselves to dismissal by the foreman or superintendent, and they shall not be again employed without the consent of two-thirds of the board of managers.

ART. 14. In taking apprentices sons of stockholders shall have the preference.

ART. 15. No member shall be considered a working member except he shall hold five shares, but may be employed by the agent or foreman.

ART. 16. This company shall not be bound to redeem any share of its capital stock within two years of the date of its corporation, and then it shall require four months' notice from any stockholder desiring the redemption of stock, but the same may be transferred at any time by any person acceptable to the board of managers.

ART. 17. Any member having shares to sell shall first offer them to the company.

ART. 18. No person not a stockholder shall be eligible to office.

ART. 19. These by-laws may be altered or amended at any regular meeting of the stockholders, but any alteration shall require a vote of two-thirds of the stockholders present.

The Kingston Co-operative Foundry.

The Kingston Co-operative Foundry originated with molders from another town who had been discharged by their employer for the reason, as they believed, that they were members of a committee appointed to wait upon him to protest against a reduction of wages. They were at that time members of the

molder's union. One of their number had previously been a member of the Somerset Co-operative Foundry Company.

Their organization was effected April 9, 1877, with a nominal capital of $8,000 in 80 shares. The capital as reported from year to year has varied between $8,000 and $16,000 and is now given as $11,900. These figures have not always corresponded with the actual cash paid in.

The company had a long and severe struggle to get established. Until within two years it had no credit and no surplus capital. Goods were sold on four months' time and collections were difficult. In the third and fourth years $4,000 was lost through dishonest customers. Some of the men also proved unsatisfactory through unsteady habits and drinking. The impossibility of paying wages regularly caused much hardship and discontent.

CAPITAL, PRODUCT, WORKERS, AND WAGES.

Classification.	Number or Value.	Classification.	Number or Value.
Capital,	$11,900	No. of employés not stockholders,	3 to 9
Par value of shares,	$100	Aggregate wages per month (divided among 20 men; not working full time),	$600
Highest price paid for shares when transferred,	$100	Salaries: agent (per day),	$2.50
Lowest price paid for shares when transferred,	$55		
Value of annual product,	$20,000		
No. of stockholders employed,	11		

DISTRIBUTION OF STOCK.

No. of original stockholders, 36				Present No. of stockholders, 56			
One	held 10 shares			One	holds 10 shares		
One	" 8 "			One	" 8 "		
One	" 4 "			One	" 5 "		
Six	" 3 "	each		Four	hold 4 "	each	
Ten	" 2 "	"		Five	" 3 "	"	
Seventeen	" 1 share each			Twenty-two	" 2 "	"	
					" 1 share	"	

DIVIDENDS.

Years.	Dividend.	Years.	Dividend.
1881	3 per cent.	1885	3 per cent.

In some cases certificates of stock appear to have been issued in discharge of wages due and unpaid.

1. The product is sold in New England on 30 days to four months' time.
2. Stockholding gives only a preference for employment.
3. The directors have power to discharge stockholders from employment.
4. A stockholder wishing to sell his shares must offer them first to the company. The directors are satisfied from their experience that in selling shares care should be exercised to secure the right sort of men.
5. Some stock is held by parties other than workmen.
6. Piece work predominates.
7. The company never had a pay day until 1885, when it began paying labor monthly, keeping ten days' wages back. Many stockholders found that as workmen they could do better elsewhere than in the employ of their own company.
8. The embarrassments of the company have made wages irregular.
9. For the same kind and quantity of work, wages of stockholding and non-stockholding employés are the same.
10. There have been four changes in the office of president, two in that of treasurer, and three in that of foreman.

The foreman is the actual manager of the business under the directors. The treasurer is connected with another manufacturing establishment in town, and was selected on that account for economy's sake.

To the inability to pay wages regularly and in full, Mr. Charles Lapham, the foreman, attributes the hard struggle of the company in a great degree. He says, "It drove many good men out of the enterprise. The establishment of the regular pay day was the best thing the concern ever did. I wish we could pay weekly. But at first payment in full was impossible. There was not enough quick capital; the concern had no credit; coal and iron bills had to be met, and goods were sold on four months' time. No concern ought to start unless it has the means to pay wages regularly. Stockholding has nevertheless had a good effect, encouraging some men who had never saved a cent to do it in this way, 'working out' their shares."

It is evident that this company has had to contend against great disadvantages. Its members had not all saved and accu-

mulated property. Some were of unsteady habits. They started with insufficient paid up capital. They did not know how to manage and there appear to have been a good many experimental changes of management. The first year the accounts were kept so unsystematically that it is now very difficult to unravel them. A permanent interest in the place was lacking. The original members were brought together from other towns and the failure to secure remuneration again scattered them. The men who have held together and kept the enterprise going under these conditions have shown a grit and persistence deserving of substantial reward.

The Leonard Co-operative Foundry.

An opportunity to purchuse an idle foundry was improved by a number of molders at Taunton, April 26, 1877, to organize the Leonard Co-operative Foundry Company. The balance of profit of the first three years went into the thirty per cent reserve required by law; since then dividends have been paid. The men are mostly of American birth, of middle-age, of good habits generally, including habits of economy.

CAPITAL, PRODUCT, WORKERS, AND WAGES.

CLASSIFICATION.	Number or Value.	CLASSIFICATION.	Number or Value.
Capital,	$25,000	No. of stockholders employed,	40
Par value of shares,	$100	No. of employés not stockholders,	10 to 20
Highest price paid for shares when transferred,	$100	Aggregate wages per month (divided among 50 men),	$3,000 to $3,200
Lowest price paid for shares when transferred,	$100	Salaries: treasurer,	$1,200
Value of annual product,	$75,000	agent,	$1,200

DISTRIBUTION OF STOCK.

No. of original stockholders,	47
Two held 10 shares each	
Forty-five " 5 " "	
Present No. of stockholders,	51
One holds 3 shares	
One " 2 "	
Forty-nine hold 5 " each	

DIVIDENDS.

Year.	DIVIDEND.	Year.	DIVIDEND.
1881	5 per cent.	1884	6 per cent.
1882	6 per cent.	1885	6 per cent.
1883	6 per cent.		

1. The product is sold mostly in New England on 30 days' time.

2. Employment is given by preference to a stockholder if he is a competent workman.

3. The management have power to discharge a stockholder from employment. This power is lodged, however, in the board of directors, and not in the agent or foreman, and its exercise appears to be conditional on positively bad work or conduct and not on the mere fact that another man would do the work more efficiently.

4. Stockholders wishing to sell their shares are not required to offer them first to the company.

5. Some stock is held by other parties than workmen but not a large proportion.

6. Work is mostly by the piece.

7. Wages are paid monthly.

8. In June, 1885, only two men earned as little as a dollar a day, the majority made from $1.25 to $3.50 a day, while a few made $4.00 a day. A cut of ten per cent was made three years ago, but it was restored after a few months.

9. Wages are uniform, for the same amount and quality of work, between the stockholding and non-stockholding employés.

10. The company has had but two presidents and two treasurers.

The effect of stockholding upon the amount and quality of work is marked. The men take pains to do everything well and have a pride in the reputation which their goods hold in the market.

The company believe in permanence of management, but there is a strong feeling among the members against a large salary roll.

The men consider their experiment a success. There are occasional misunderstandings, and now and then an individual thinks that he could manage things better if he could have his own way, but there is in the main harmonious co-operation.

The East Templeton Co-operative Chair Company.

Skilled workmen, thrown out of employment by the failure of two wood-working shops in which they were employed, and

unwilling to leave the town where most of them owned homes, organized the East Templeton Co-operative Chair Company, October 19, 1872, with a capital of $10,000 in 100 shares. They bought out a sound concern and put in a thousand dollars' worth of new machinery. In 1873 their assets were reported as $21,059 and their liabilities as $11,059. In that year the capital was increased to $15,000, and in 1881 to $20,000.

This company made a good start. It had excellent credit and its goods immediately found a ready market. "They sold themselves," said one of the men, "because we were all interested and did good work." There was no trouble with unsatisfactory men. They were all of New England birth and descent. The only bad luck for eight years was a loss of $3,000 through dishonest customers.

On October 9, 1880, the shop and contents were destroyed by fire. The loss wiped out the capital of $15,000. With $5,000 insurance money, $5,000 more borrowed on mortgage, and $4,000 more borrowed on personal security a new factory was built and equipped, and the business re-established. All but $1,500 of the $4,000 has been repaid and the total loss by the fire has been made good to within $2,000. There has never been a time when the factory has not been run ten hours a day when daylight would permit. It is never artificially lighted in winter.

CAPITAL, PRODUCT, WORKERS, AND WAGES.

CLASSIFICATION.	Number or Value.	CLASSIFICATION.	Number or Value.
Capital,	$20,000	No. of stockholders employed,	14
Par value of shares,	$100	No. of employés not stockholders,	9 or 10
Highest price paid for shares when transferred,	$100	Aggregate wages per month,	$340 to $1,151
Lowest price paid for shares when transferred,	$100	Salaries: agent (per day),	$2.75
Value of annual product,	$45,000 to $50,000	treasurer,	nothing
		clerk (per month),	$30

DISTRIBUTION OF STOCK.

No. of original stockholders,	24
Four held 1 share each	
Five " 2 shares "	
Two " 3 " "	
Four " 4 " "	
Six " 5 " "	
One " 6 " "	
Two " 6½ " "	
The company held 15 shares	
Present No. of stockholders,	38
The stock is not all sold	
Three hold 1 share each	
One holds 1½ shares	
Six hold 2 shares each	
Five " 3 " "	
Two " 4 " "	
Six " 5 " "	
Four " 6 " "	
One holds 6½ "	
Five hold 7 " "	
One holds 8 "	
One " 9 "	
Three hold 10 " "	

DIVIDENDS.

Year.	DIVIDEND.	Year.	DIVIDEND.
1872	6 per cent.	1879	5 per cent.
1878	5 per cent.	1882	6 per cent.

1. The product is sold mainly at the West on 30 to 90 days' time.

2. Stockholding does not create a right to employment.

3. The agent has power to assign work, and hire and discharge help without a vote of the directors.

4. A stockholder wishing to sell his shares is not required to offer them first to the company. There was at one time a by-law that a stockholder should not sell without the consent of the directors. It was dropped.

5. All the stockholders are men who work for day wages in this or some other industry.

6. Work is mostly by the piece. Some of the men take "jobs" and employ assistants on their own account.

7. Wages are paid once a month. There is a by-law giving the company the option to pay a shareholder his wages in full, or, with his consent, to retain a part of the amount due at six per cent interest. A working capital of $9,000 has been held in this way. During the last year wages have been paid in full.

8. Prices for work are gauged by the rates prevailing in other shops. There have been several reductions of wages. Within two years there has been one cut of 25 per cent and one of 15 per cent.

9. For the same kind and quantity of work, wages of stockholding and non-stockholding employés are the same.

10. There have been but few changes in the board of directors. Three men have held the office of president and three that of treasurer. The treasurer is also the agent.

No trouble has been caused by jealousies or misunderstandings. The stockholders are all, as formerly, of New England blood.

The management regard a large working capital as a prime condition of success. A thousand dollars for every man's product would be none too much. They make it a rule to pay all bills at 30 days and thereby save a large sum in discounts.

The Athol Co-operative Furniture Company.

The Athol Co-operative Furniture Company was formed to make employment for themselves by men who had been connected with wood-working shops and had lost their jobs. They organized August 5, 1879, and started with a nominal capital of $2,500, and only just enough paid in to comply with the law. They secured orders readily and were fortunate in avoiding losses. The men were steady, but fifteen of the twenty-five were green hands. Through their imperfect work and by paying too high wages the company lost $2,000 the first year. In the fall of 1882 the shop was destroyed by fire, with a loss of $3,000 in stock and machinery. Though a new start was made and a good trade secured as before, the company has never been prosperous. Though working on orders only it has generally worked ten hours a day except in winter, when no work by artificial light is attempted. Among the stockholders are two foreigners, all others are of American birth.

CAPITAL, PRODUCT, WORKERS, AND WAGES.

CLASSIFICATION.	Number or Value.	CLASSIFICATION.	Number or Value.
Capital,	$5,000	No. of employés not stockholders,	3 to 5
Par value of shares,	$100	Aggregate wages per month:	
Highest price paid for shares when transferred,	$100	(highest, to 25 men),	$933
		(lowest, to 10 men),	$280
Lowest price paid for shares when transferred,	$100	Salaries: agent (per day),	$2.00
Value of annual product,	$15,000*		
No. of stockholders employed,	8 to 10		

* The value of annual product was, at one time, $30,000.

DISTRIBUTION OF STOCK.

No. of original stockholders, All held one share each	25	Present No. of stockholders,	33
		Twenty hold 1 share each	
		Twelve " 2 shares "	
		One holds 5 "	

DIVIDENDS.

None.

1. The product is sold in New York and locally on 30 days.

2. A stockholder has a right to employment when there is work enough, if he is a capable workman.

3. A vote of the directors is necessary to discharge a stockholder from employment. It has never been necessary to take this step, a reprimand being always sufficient.

4. A stockholder wishing to sell is not required to offer his shares to the company, but a new purchaser must be acceptable to the directors to secure work.

5. All the stockholders are workers for wages in some employment.

6. Work is partly by piece and partly by the day.

7. Wages have always been paid on the 15th of the month, but not always in full. It was a rule at one time to pay half and to give notes for half. When the capital was increased, $8.33 a month was deducted from each man's pay, so that at the end of the year he had paid for a share.

8. The intention is, when possible, to pay stockholders five to ten per cent higher wages than prevail in other shops in town for like work. Wages have varied a good deal. When a smart man has made as much as $3 or $4 a day it has been customary to cut down the price of his job, to "even things." Men so treated have sometimes stepped out and found work elsewhere.

9. Wages of stockholders and non-stockholders are not the same for the same kind and quantity of work. Non-stockholders are hired as cheaply as possible.

10. There have been many changes of directors. Three men have held the office of president, four that of agent, and but one that of treasurer.

Insufficient capital, and too many men, who were not well qualified for co-operation, have been the great disadvantages of this company. The agent believes that with $10,000 they could have made a success. Lumber has cost $2 a thousand more than it would have done could settlements have been made more promptly. As for the men, the agent says: "My experience is that a co-operative team is a hard team to drive." It has been necessary to get rid of some men with whom it was impossible to agree. Some of the stockholders would prefer to be organized as a general corporation. One says: "A business can be best managed by a few men. There are some things that directors must know that outsiders had better not know, and co-operative stockholders sometimes publish things that ought not to be published. It might be different if we were making money."

The Stoneham Co-operative Shoe Company.

There are four co-operative boot and shoe manufacturing companies in the town of Stoneham. Their business is so extensive, and they have been so successful, that they may be said to constitute the chief industrial feature of the place. The first one established was the Stoneham Co-operative Shoe Company, organized December 4, 1872. The project originated with men who were temporarily unemployed and who conceived that they could do better than to continue to work for wages only. A capital of $10,000 was subscribed and taken in 40 shares. This was increased to $15,000 in 1880, and to $20,000 in 1881. Many difficulties and misapprehensions and some misrepresentation were encountered in getting started. By some parties with whom business relations were necessary or desirable, the enterprise was believed to be controlled by a trade union or to be managed in the trade union interest. But the management was capable and vigorous, the first year was a prosperous one, and from that time on the financial success of the company has been remarkable. The shop has usually been run on full time, with the exception of the brief summer vacation which is customary in the Stoneham shoe factories. The stockholders are of all nationalities, and they have always worked together harmoniously.

CAPITAL, PRODUCT, WORKERS, AND WAGES.

CLASSIFICATION.	Number or Value.	CLASSIFICATION.	Number or Value.
Capital,	$20,000	No. of stockholders employed:	
Par value of shares,	$250	males,	20
Highest price paid for shares when transferred,	$400	females,	5
Lowest price paid for shares when transferred,	$250	No. of employés not stockholders:	
Value of annual product,	$150,000	males,	15 to 20
		females,	20
		Aggregate wages per month,	$2,500 to $2,800
		Salaries: agent,	$1,500
		treasurer,	$300
		bookkeeper,	$600

DISTRIBUTION OF STOCK.

No. of original stockholders,	31	Present No. of stockholders,	57
One holds 4 shares		One holds 4 shares	
One " 3 "		Four hold 3 " each	
Four " 2 " each		Twelve " 2 " "	
Twenty-five " 1 share "		Forty " 1 share "	

DIVIDENDS.

Year.	DIVIDEND.	Year.	DIVIDEND.
1873	7.8 per cent.	1879	17 per cent.
1874	40 per cent.	1880	15 per cent.
1875	2½ per cent.	1881	15 per cent.
1876	18 per cent.	1882	21 per cent.
1877	—	1883	20 per cent.
1878	7½ per cent.	1884	6 per cent.

1. The product is sold to the Western trade on sixty days' credit.

2. Stockholding does not give a right to employment, and in actual practice a stockholder is given employment only when he is the right man to do a certain work. A better workman not a stockholder would be given the place.

3. The management is in the hands of the directors and the agent, the former looking closely after details. The agent has power to discharge all help, except stockholders; their cases must go before the directors.

4. When a stockholder wishes to sell his shares he is not required first to offer them to the company.

5. With one exception all the original stockholders were manual workers in the shoe industry. The stock is still held largely by workingmen, but many stockholders work in other factories, some in other parts of the State, and some in other States.

6. Work is by the piece mainly.

7. Until two years ago all labor was paid regularly once a month. At present stockholders are paid once a month and other help once a week.

8. The wages of lasters are dictated by the lasters' union, to which resistance is never offered. The scale of wages for other work is determined by taking the average of several other shoe factories, not co-operative.

9. Wages are uniform, for the same kind and quantity of work, between stockholders and non-stockholders.

10. There have been few changes in the board of directors since the company began operations, and frequent changes of management are considered unwise. There have been in thirteen years four presidents, two treasurers, and three agents. Responsibility with considerable powers is considered necessary in the management. Three to five directors would be considered enough.

While salaries must necessarily be low in co-operative associations, Mr. J. G. Green, the treasurer of this company, thinks that it is best to get a good man for every responsible position and pay him what he is worth. "It does not pay to keep a poor man because he is cheap." The treasurer has large responsibilities, having to endorse notes, etc., and $300 for his services is small pay.

Mr. Green believes that ample capital is an indispensable condition of success in co-operative shoe making. He estimates that a concern must have $2,000 active capital and good credit for every case of shoes made for the jobbing trade, turning the money once in sixty days. In the retail trade it is necessary to double this estimate and figure closer. A great misapprehension exists among wouldbe co-operatives as to the amount of capital necessary. Delegates visit Stoneham to make inquiries, expecting to employ thirty or forty men on a capital of $2,000 to $3,000.

The Middlesex Co-operative Boot and Shoe Company, Stoneham.

Dull times and lack of work were assigned as the reason for the organization of the Middlesex Co-operative Boot and Shoe Company, on February 23, 1875. These would seem to have

been about as unfavorable antecedents as an industrial enterprise could have; nevertheless, the Middlesex has been a success in every way, fully rewarding the faith of the unemployed, but practical, men who invested their savings in it, believing that the experiment which had shown such gratifying results in the Stoneham co-operative shop could be repeated with like good fortune. The capital stock at first was $10,000 in forty shares. It was increased December 31, 1883, to $15,000 and sixty shares. For some time the company had hard work to get credit. Nearly every party of whom materials were bought inquired suspiciously about co-operation and was in doubt whether to trust or not. For three successive years a loss was made yearly of $800 or more in uncollectible bills. The third year $1,800 was lost through one fraudulent concern that did business in different States under three different names.

CAPITAL, PRODUCT, WORKERS, AND WAGES.

CLASSIFICATION.	Number or Value.	CLASSIFICATION.	Number or Value.
Capital,	$15,000	No. of stockholders employed:	
Par value of shares,	$250	males,	21
Highest price paid for shares when transferred,	$400*	females,	3
Lowest price paid for shares when transferred,	$250	No. of employés not stockholders:	
Value of annual product,	$90,000	males,	6
		females,	12
		Aggregate wages per month,	$1,755
		Salaries: agent,	$1,500
		treasurer,	$200
		bookkeeper (per month),	$15

* A share brought $380 at auction, when an estate was settled.

DISTRIBUTION OF STOCK.

No. of original stockholders,	39	Present No. of stockholders,	47
Each held 1 share		Thirteen hold 2 shares each	
Three in partnership held 1 share		Thirty-four " 1 share "	

DIVIDENDS.

Year.	DIVIDEND.	Year.	DIVIDEND.
1876	9 per cent.	1880	10 per cent.
1877	An assessment of $26.85 per share to meet losses caused by failures of customers.	1881	10 per cent.
		1882	20 per cent.
		1883	25 per cent.
1878	5 per cent.	1884	20 per cent.
1879	4½ per cent.		

1. The product is sold at Boston and in all the Northern States on ninety days' credit.

2. Stockholding does not give a right to employment.

3. The agent manages the business in detail, buying and selling, hiring and discharging, but subject to the directors.

4. There is a by-law requiring a stockholder who wishes to sell to offer his shares first to the company, but it is a dead letter.

5. With very few exceptions the stockholders are employed in the shoe industry.

6. All work is by the piece.

7. The company has always had a regular pay day, the first Friday of the month.

8. The rate of wages except for the lasters, whose prices are made by the union, is determined by striking an average of the wages paid by five other shops.

9. Wages are uniform, for the same kind and amount of work, between stockholding and non-stockholding employés.

10. There have been three successive presidents, but one treasurer, three agents, and but few changes in the board of directors, most of the original directors being yet in office.

Mr. Luther White, treasurer of the company, said that he did not think a large capital was essential to success in co-operative manufacturing. He did not think it necessary or important that stockholders should be of one nationality. In the Middlesex there are American born, Irish, and French Canadians. But co-operators must be of good habits, economical and saving. They must belong to the place and have a permanent interest in it. Most of the Middlesex stockholders own their homes. Many changes of management will have a bad effect. The present agent has been exceptionally successful, but when the change from his predecessor was made customers said it would ruin the business, illustrating the feeling among business men that changes of management are unfavorable. The men who have managed the affairs of the Middlesex came from the bench and had not been trained in business.

Mr. White complained of unfair discrimination in taxation, which hurts co-operative enterprises. Many of the shoe manufacturers with which the co-operatives must compete are private partnerships, rendering no account of capital and condition to

the State and making their own figures of valuation. The co-operative concerns, being corporations, are taxed on the full amount of their capital stock.

The American Co-operative Boot and Shoe Company, Stoneham.

The American Co-operative Boot and Shoe Company was organized October 10, 1882, with a capital of $10,000 in forty shares. Its projectors were mostly middle-aged men who had saved money out of wages. It was a distinctive feature of this enterprise that the power to hire and discharge help and assign work regardless of stockholding should be absolute. The first year was financially successful; the second year the failure of a creditor caused a deficit. The company has enjoyed good credit from the first. The capital was increased April 3, 1883, to $20,000 and August 20, 1884, to $30,000. No certificate of stock is issued until paid for in cash. If an employé wishes to pay for a share by instalments he must get some one to take and pay for it for him.

CAPITAL, PRODUCT, WORKERS, AND WAGES.

Classification.	Number or Value.	Classification.	Number or Value.
Capital,	$30,000	No. of stockholders employed:	
Par value of shares,	$250	males,	11
Highest price paid for shares when transferred,	$265	females,	11
Lowest price paid for shares when transferred,	$250	No. of employés not stockholders:	
Value of annual product,	$50,000	males,	14
		females,	9
		Aggregate wages per month,	$1,900*
		Salaries: agent,	$900

* Estimated.

DISTRIBUTION OF STOCK.

No. of original stockholders, 38	Present No. of stockholders, 91
Two hold 2 shares each	Three hold 4 shares each
Thirty-six " 1 share "	One holds 3 "
	Thirteen hold 2 " "
	Seventy-four " 1 " "

DIVIDENDS.

None.

1. Goods are made for the retail trade only, and for the Western trade mainly.

2. Stockholding confers neither right nor preference to employment.

3. It was the conviction of the projectors of this company that the best results had been missed in some previous co-operative undertakings through a lack of entire freedom to hire and discharge help solely on grounds of efficiency. Stock was marketed, therefore, with the distinct understanding on the part of purchasers that it was an investment merely and not a claim to any other advantage whatever. The management is more than satisfied with the wisdom of this policy. Labor is regarded in this shop with an eye as single to its economic value as in the most absolutely governed corporation.

4. Stock for sale must be offered first to the company, and a purchaser must be approved by the board of directors. This power is exercised in this company. There is not much mixture of nationalities among the stockholders. The majority of them are American born.

5. Nearly all the stockholders are workers for wages in various shops.

6. Work is mostly by the piece.

7. Wages have been paid always on the first Friday of each month and advances are made if asked for.

8. About six months after the company began operations the lasters demanded an advance, which was granted. July 1, 1885, a second demand of five per cent was conceded. None of the stockholding employés are members of the union.

9. There is no discrimination in wages between stockholding and non-stockholding employés.

10. There have been no changes in management since the company was organized.

The American has a good location and a well adapted building for its factory, for which $8,000 was paid. At the time of our visit it was promising to become a success in every way.

BY-LAWS OF THE AMERICAN BOOT AND SHOE COMPANY, STONEHAM.

SEC. 1. This Association shall be known as The American Co-operative Boot and Shoe Company.

SEC. 2. Any person approved by the board of directors shall, by taking one or more shares of stock of this company and paying for them, become a member.

SEC. 3. The regular meetings of this company shall be held quarterly as follows, viz: the third Wednesday in November, February, May and August, at such time and place as the board may direct. Provided circumstances occur to render it expedient, the president, with the consent of a majority of the directors, may call a meeting on a prior or subsequent day.

SEC. 4. Special meetings of the company may be called by the president, with the consent of a majority of the directors.

The president shall cause special meetings of the company to be called upon a written request, signed by ten members of the company.

SEC. 5. The officers of this company shall consist of a president, clerk, treasurer, and three directors, who shall constitute the board of directors for the company.

All the officers of this company shall be elected annually at the regular meeting in November, by written or printed ballots, by the stockholders, except the president, who shall be chosen by the directors.

SEC. 6. There shall be chosen at each quarterly meeting two auditors, to audit the accounts of the company, and attest their correctness.

SEC. 7. It shall be the duty of the president to preside at all meetings of the company and of the board of directors; preserve order therein, put all questions, announce all decisions, and in case of an equal division, to give the casting vote. He shall receive and keep all bonds required of the officers of the company, and sign all documents issued by the board of directors, and perform all other duties required of him by the by-laws.

SEC. 8. It shall be the duty of the clerk to attend all meetings of the company and of the board of directors.

To make and keep a correct record of the same, which shall be open to the inspection of any member, serve such notices as appertain to his office, or as he may be directed by the company or board of directors, file all bills, reports and other documents ordered to be filed, attend to all correspondence, and perform such other duties as appertain to his office.

SEC. 9. It shall be the duty of the treasurer to collect and receive all monies due the company from members and others, giving his receipt therefor, and deposit the same at such time and such place as the board of directors shall designate.

He shall keep a correct list of the names and residence of all

members, and keep a correct account between the company and its members.

He shall draw all monies for the payment of claims against the company, under the direction of the board of directors.

He shall give bonds in the sum of five thousand dollars, to be approved by the board of directors, for the faithful performance of his duties, and shall at the expiration of his term of office deliver to his successor all monies, books, papers and vouchers in his possession belonging to the company.

SEC. 10. It shall be the duty of the directors to have the general supervision of the affairs of the company, and pursue such measures, and appoint such agents, as in their judgment is for the best interest of the company.

SEC. 11. The capital stock of this company shall be held in shares of two hundred and fifty dollars each, and each member may hold from one to four shares.

SEC. 12. From the net profits, after paying all the expenses of the company, not less than ten per cent shall be set aside for a sinking fund.

The remainder shall be divided among the members, according to the number of shares each member may hold.

SEC. 13. Any member wishing to transfer any shares of this company shall first offer the same to the board of directors, to be transferred under their direction.

SEC. 14. After a vote to increase the capital stock of the company, no certificate of stock shall be issued to any person not a member, until such stock has first been offered to the members of the company who are eligible, and shall be offered for sale immediately after such offer.

SEC. 15. At any meeting of the directors three members shall constitute a quorum, and at all meetings of the company nine stockholders shall constitute a quorum for the transaction of business.

SEC. 16. Notices of all meetings shall be given by the clerk, according to the directions of the board of directors.

SEC. 17. These by-laws may be altered or amended by a two-thirds vote of the stockholders, present at a meeting called for that purpose.

The Franklin Co-operative Boot and Shoe Company, Stoneham.

The youngest of the Stoneham co-operative enterprises is the Franklin Co-operative Boot and Shoe Company, organized March 30, 1883. Its stockholders were men thrown out of work by failures in town. Much trouble and delay were experienced

in getting started, the treasurer elected failing to collect the capital subscribed. It was finally necessary to ask him to resign. He did so, surrendering his stock. His successor collected $7,000, but was unable to lease a building. Finally a building was bought for $3,500 and operations were begun in January, 1884, with a very small working capital, a fact that has made subsequent progress difficult. The capital was nominally $10,000 in forty shares. It has been increased, nominally, to $20,000, but the shares are not yet all sold. Orders were hard to get at first and for the first six months the shop was run only eight hours a day. At the time of our visit in the summer of 1885, the company had more orders than it could fill with the quick capital at command and for a year had been running on full time, except the customary vacation of ten days.

CAPITAL, PRODUCT, WORKERS, AND WAGES.

CLASSIFICATION.	Number or Value.	CLASSIFICATION.	Number or Value.
Capital,	$20,000	No. of stockholders employed:	
Par value of shares,	$250	males,	20
Highest price paid for shares when transferred,	$283	females,	6
Lowest price paid for shares when transferred,	$250	No. of employés not stockholders:	
Value of annual product,	$50,000	males,	2 to 4
		females,	8
		Aggregate wages per month,	$1,500
		Salaries: agent,	$1,000

DISTRIBUTION OF STOCK.

No. of original stockholders, 37	Present No. of stockholders, 69
Three held 2 shares each	Two in partnership hold 3 shares
Thirty-four " 1 share "	One holds 3 shares
	Two hold 2 " each
	All others " 1 share "

DIVIDENDS.

None.

1. Goods are sold in the Western States on 30 days, five per cent off for prompt payment.

2. Stockholders have a first right to employment and the expectation is that they will be given employment if possible. But if a stockholder is not capable of doing acceptable work some one else is employed.

3. The agent has authority to dismiss stockholders from employment, without a vote of the directors.

4. If a stockholder wishes to sell he must first offer his shares to the company.

5. With the exception of a few shares the stock is owned by workpeople.

6. Work is by the piece.

7. The first Friday of the month is pay day.

8. The average prices paid for work by non-co-operative shops are adopted and the pay of lasters is dictated by the union.

9. Wages are uniform between stockholding and non-stockholding employés.

10. There have been no changes of management since the company began operations.

Mr. James Grant, treasurer of the company, said that he thought the Franklin had succeeded as well as possible under the circumstances. It produces a better shoe than non-co-operative shops because the employés take an interest in their work. This is what sustains co-operation in Stoneham. The Franklin could double its business if it had four or five thousand dollars more of quick capital. Goods are manufactured on a very narrow margin. The company at one time lost $500 in six months through inability to secure the discount of its bills. In shoe findings the per cent off for prompt payment at 30 days runs from five to fifteen, averaging ten. The inability of some men to understand this condition of success is one of the difficulties of co-operation. Stockholders too often expect to do a big business on a small capital, and when they find that it is not being done some of them think that they could manage affairs much better. This class of men and women is not a large factor, however.

The Wakefield Co-operative Shoe Company.

An opportunity to buy a small shoe factory and the success of co-operation at Stoneham suggested the Wakefield Co-operative Shoe Company, which was organized November 15, 1883, with a capital of $15,000 in 150 shares. The company started in a dull time but did a larger business the first year than subsequently, working full time the first year, but not the second.

It paid cash for all supplies, and took the discounts. The second year $1,000 was lost in uncollectible bills. The stockholders are of American, French, and Scotch nationalities. There has been no trouble through jealousies, misunderstandings, or bad habits.

CAPITAL, PRODUCT, WORKERS, AND WAGES.

Classification.	Number or Value.	Classification.	Number or Value.
Capital,	$15,000	No. of stockholders employed:	
Par value of shares,	$100	males,	11
Highest price paid for shares when transferred,	$100	females,	1
Lowest price paid for shares when transferred,	$100	No. of employés not stockholders: females,	8
Value of annual product,	$35,000	Aggregate wages per month,	$784
		Salaries: aggregate,	$2,000
		largest to one man,	$900

DISTRIBUTION OF STOCK.

No. of original stockholders,	84	Present No. of stockholders,	80
Three hold 6 shares each		Three hold 6 shares each	
Three " 5 " "		Four " 5 " "	
One " 4 " "		Eleven " 3 " "	
Ten " 3 " "		Seventeen " 2 " "	
Sixteen " 2 " "		Forty-five " 1 share "	
Fifty-one " 1 share "			

DIVIDENDS.

1884,	8 per cent.

1. The product is fine goods exclusively, and is sold in New England on sixty days' credit.

2. Stockholding creates a preference for employment, workmanship being satisfactory.

3. The agent, with the authority of the directors, has power to hire and discharge and assign work, regardless of stockholding, and there has never been any trouble on this account.

4. Stock for sale must be offered first to the company. The rule is enforced.

5. About one-half of the stockholders are workers for wages in the shoe industry.

6. Most of the work is by the piece. Some employés take jobs and employ assistants on their own account.

7. In 1884 wages were paid every Saturday night; in 1885

fortnightly. It has never been the practice to withhold any part of wages due.

8. Wages are governed by the average prices paid elsewhere. There is no trade union influence on wages here, as at Stoneham, though lasters belong to the union. Prices for work have not been changed since the company started.

8. Stockholding and non-stockholding employés are paid the same for equal work.

10. There have been but few changes in the board of directors; but one treasurer and agent, and three presidents.

The managers are satisfied that stock-owning makes good workers in every department. Stock-owning workers waste nothing, in a dull time an important item, and their work is painstaking. Customers have never found any fault with the quality of work done by this company.

The importance of a large working capital is emphasized here, as elsewhere, and the same complaint of burdensome taxation is made that was made by the Middlesex company at Stoneham.

The essential points contained in the statistical statements already given for each company are presented in the following summary, for purposes of comparison:

SUMMARY.

Name of Co-operative Association.	Capital.	Annual Product.	Stockholders Employed.		Employés not Stockholders.		Individual Wages per Month.	Aggregate Salaries per Year.	Average Dividends.
			Males.	Females.	Males.	Females.			
									Per cent.
American Shoe Co.,	$30,000	$50,000	11	11	14	9	$43	$900	–
Athol Furniture Co.,	5,000	15,000	8	–	3	–	32	626	–*
E. Templeton Chair Co.,	20,000	45,000	14	–	9	–	44	1,220	1.83*
Franklin Shoe Co.,	20,000	50,000	20	6	2	8	41	1,000	–
Kingston Foundry Co.,	11,900	20,000	11	–	9	–	30†	782	0.75
Leonard Foundry Co.,	25,000	75,000	40	–	10	–	60	2,400	3.62
Middlesex Shoe Co.,	15,000	90,000	21	3	6	12	42	1,880	10.35
Somerset Foundry Co.,	30,000	75,000	30	–	10	–	76	2,280	7.60
Stoneham Shoe Co.,	20,000	150,000	20	5	15	20	42	2,400	14.15
Wakefield Shoe Co.,	15,000	35,000	11	1	–	8	39	2,000	8.00

* Losses by fire. † Working part time.

In two of these ten co-operative companies there is a strong opposition to a mixture of nationalities, and care is taken to keep the stock in the possession of men and women of American birth. In three other companies it has happened, without any distinct effort to have it so, that all or most of the members

are of American birth. In the other five, nationalities are indiscriminately mingled. The managers of these latter affirm that the fact causes no inconvenience and that success is in no way impaired by it.

There is a more general agreement that co-operative stockholders should be picked men in regard to character and efficiency. One dissatisfied man can make an amount of trouble altogether disproportionate to his investment.

One of the "outs" of co-operation, in the experience of one agent, is that if business is dull unemployed stockholders think it hard that they cannot have work. Again, in dull times it would often be economy to work in a cheap man to do certain kinds of work while learning the trade, but it will hardly do to substitute the cheap man for a stockholder.

Another agent expressed the judgment that the fewer female stockholders in the stitching room of a shoe factory the better. They are carried away, he said, by the idea that as stockholders they should be permitted to do as they please; and they are too independent. In the stitching room it is desirable, to economize machinery, to have stitchers change off, doing one kind of work a part of the day, and something else at other times. If they are stockholders young women object. No other agent made this criticism, but on the contrary one said that the trouble would not arise under good management.

We have been unable to obtain much definite information about co-operative companies that have failed. In one case the whole capital was paid in by a small minority of the members, the majority giving personal notes for their shares. The notes were never paid and the business was reorganized as an ordinary corporation. In another case there were but few stockholders and the shares were of the par value of $500. The company soon reorganized as an ordinary corporation. In most of the remaining cases failure was due to insufficient capital or to disagreements among the members.

SUMMARY AND CONCLUSIONS.

We have found three general types of profit sharing: (1) profit sharing without wages; (2) profit sharing in connection with wages; (3) profit sharing in connection with wages and stock-owning by workmen.

Profit sharing without wages is of limited application. In the majority of industries the elements of certainty and calculability attaching to stipulated wages commend the latter, as a form of labor reward, to both workmen and employers. Yet profit sharing as a substitute for wages has points of superiority. We found that while in the Gloucester fisheries the labor reward is subject to extreme fluctuations, it is adjusted with nicety to varying degrees of efficiency. It powerfully stimulates industry and skill and sifts out incompetent men. For this reason, and because the crews, no less than the vessel owners, believe that the share system is better for all concerned than wages, it is probable, though not inductively demonstrable, that in this industry the labor reward per capita is somewhat greater under the existing system than it would be under a system of wages.

Profit sharing in connection with wages has been found applicable to manufacturing, transportation, mercantile business, mining, and agriculture.

Under this form of profit sharing there are two plans of dividing profits between capital and labor: in one a percentage of profits is allotted to labor after an initial dividend has been assigned to capital; in the other a percentage of whatever profit there may be is allotted to labor without first assigning a fixed percentage to capital. The latter has the merit of giving something to labor in addition to its wages when there are any profits at all. The former may fail, in years of small profits, to afford even a very small dividend to labor, making the bonus so irregular and uncertain that its educative value is in a degree impaired.

Under each of these plans of dividing profits between capital and labor may occur two plans of apportioning the dividend to labor among employés: division by classes, and division solely on the basis of wages earned. Division among classes on a sliding scale involves the assumption that the difference of values of men's services is greater than the difference of their wages. Jealousies and dissatisfaction are more likely to appear when the division is by classes than when it is on the basis of wages earned.

Lastly, under either of the foregoing plans of division participation may be either immediate, through a ready money

dividend; or deferred, through a savings account or an annuity; or a combination of these two. In the American attempts that we have recorded there has been no deferred participation. On the European continent a combination of deferred with immediate participation is the rule. Deferred participation encourages saving and helps to secure permanency of service.

Three of the six American industrial partnerships, that we have described, have been successful in accomplishing their main purpose. One of these, Peace Dale, did not show the results looked for at the end of the first year. It was made a success by perseverance and painstaking explanation to the employés, year after year, of the conditions on which success or failure would depend. In two cases of failure no attempt was made to explain these conditions. The employés were never given distinctly to understand that their bonus would depend on their own conduct. In one of the unsuccessful experiments the division of the labor dividend by classes, and without regard to wages earned, gave rise to envyings and complaints of unfairness. Only one experiment failed through the direct fault of the employés.

As a means of increasing the worker's income, profit sharing has given, in the Pillsbury mills, the most remarkable results of which we have any knowledge. The amount divided one year by Lister Brothers was a large addition to wages. In the remaining cases the bonus, though not a large percentage of wages, has not been insignificant.

From the data gathered from all sources we derive these cardinal principles of industrial partnership:

Participation by workmen in profits in addition to wages is a true harmonizer of the interests of capital and labor. It does in fact identify the interest of the employé with the interest of the employer. It converts the industrial association of employer and employés into a moral organism, in which all the various talents, services, and desires of the component individuals are fused into a community of purpose and endeavor.

The dividend to labor is not usually an increase of pay, services remaining the same, but a form of extra pay for extra services and an inducement calling them out.

The extra services called out, and the manner in which they are called out, constitute an invaluable educational discipline.

They develop the whole group of industrial virtues: diligence, fidelity, caretaking, economy, continuity of effort, willingness to learn, and the spirit of co-operation.

When, as must sometimes happen, the dividend to labor is enlarged by the adventitious profit accruing from an unusually favorable state of the market, the participation of labor is not an injustice to capital. The reward the capitalist receives in this case is the reward of risk solely; it is liable to be cut down by the losses of unfavorable years. The risk that the employé runs is an element that receives imperfect recognition under the simple wages system, but which gets its meed of reward under profit sharing. If the business is unprofitable wages will be reduced and employment may cease altogether. All the superior diligence and fidelity that the employé may have put into his work in the expectation of promotion and larger wages has been thrown away. He took his risk as the capitalist took his, both hoping to increase their rewards and both have lost. Is it any more than fair that when the capitalist is recompensed for his risk and losses the employé should be recompensed for his?

Under profit sharing superior efficiency is relatively sure of proportionate reward. If it be argued that whatever addition to his reward the worker receives through profit sharing he would ultimately receive under a perfect competition in increased wages, the facts nevertheless remain that the worker will get no increase of pay unless he earns it; that the average worker cannot always be made to see that by the action of competition increased efficiency will bring him higher wages, and that failing to see this he is not moved to cultivate efficiency; that under profit sharing he does see the connection between efficiency and reward, and that, therefore, the industrial education is more perfect and the probability of increased reward is greater.

Industrial partnership will not run itself. The mere paying over of so much money as a share of profits apart from conditions, and without watchfulness, will not call out the extra service. The dividend will be regarded as a present and may be demoralizing rather than beneficial.

In general, success in profit sharing depends on a definite understanding, insistence that the bonus must be earned and

not expected as a present, and patience in working and waiting for results.

Profit sharing in connection with stock-owning is found in two forms: in one, profits are divided partly on the basis of capital invested, partly on the basis of wages paid for labor; in the other capital is the sole basis of division.

The English co-operative manufacturing societies generally pay a bonus to labor; they are true industrial partnerships. When we began this investigation we expected to find the same true of some of the co-operative manufacturing companies of this State; we have not found it true of one. Nevertheless, we hold that these companies are examples of profit sharing, the dividend divided on capital, however small it may be, containing an increment that is a reward of labor.

Co-operative manufacturing corporations have been successful in this State in the degree that they have conformed to the conditions to which other manufacturing corporations find it necessary to conform.

It has been necessary to give to managers large powers and to maintain unity and continuity of management.

It has been necessary to subordinate the labor relation to the stockholder relation. The best success is attained when the management has power to hire and discharge labor with sole reference to efficiency and regardless of any supposed claim to employment constituted by stockholding. The same result is obtained in some cases, as at Somerset, by practically exercising the power to control transfers of stock. Where one power is not exercised the other must be.

This condition probably explains the fact that the operatives at Oldham, England, prefer to own stock in other mills than the ones in which they work.

It is not shown that an admixture of nationalities or of male and female stockholders is necessarily a disadvantage. If other conditions are conformed to and the management is efficient, sex and nationality may be disregarded.

Failure to separate wages from profits in the aggregate rewards of stockholding workers and to pay wages for labor performed, and to pay them regularly, may be set down as leading to certain failure.

Ample working capital — capital beyond what goes into

plant — is of utmost importance. The most frequent mistake of intending co-operators is in underestimating the amount required.

The long and faithful service of many treasurers and agents shows that good business talent may and does coexist with a faithful devotion to the democratic principles of co-operation and that it is in such cases willing to labor for a very moderate reward for the greatest good of the greatest number, making no effort to secure autocratic control.

The fact that in other prosperous companies the business management has several times changed hands shows that success does not depend on the talents of any one man.

Stock-owning by workmen with participation in management gives a training in prudence, economy, and business affairs. It changes the whole current of the worker's thought and feelings, and economic conduct. He ceases to think of himself as a worker standing over against the capitalist employer in an antagonistic relation. He thinks of himself always as a proprietor and dignifies himself as such, and as such puts new zest into his work.

The men that succeed in co-operation are the kind of men that a generation ago, before the advent of great corporations, succeeded as independent employers on a small scale; men with some capital saved up, of superior character and energy, and with qualifications for business management. They cannot hope today, with the limited capital at their command, to compete successfully in manufacturing, as individuals. But by combining their resources and talents they may occupy as co-operators an industrial position of considerable importance.

There is a crude popular conception of co-operation as a plan to get rid of the employer and the wages system. The workers are supposed to employ a manager to be subject to their will, and, if necessary, hire capital at usual rates of interest. Then, pooling their services, they are to divide among themselves whatever profit there may be after fixed charges are paid. This scheme is purely visionary and utterly impracticable. Workers cannot wait till an indefinite future for their reward, neither can they run the risk of getting no reward at all. They must be guaranteed something, to be paid at frequent intervals, and the only party that can so guarantee is the capitalist

employer, who alone can run risks and wait indefinitely for rewards. The capitalist employer may be an association of the workers themselves, but it is none the less an employer, a moral personality, possessing all the powers over individual workers that an individual employer would have. The more efficient and prosperous members become inevitably the controlling power in the association, and they will not consent to divide profits irrespectively of the value of services or to guarantee employment to inefficient members. The valid idea in this crude conception of co-operation is that in the degree that workmen develop the necessary qualifications and acquire the requisite capital they may become self-employers, and that, whether as self-employers or otherwise, they should as workers participate in the profits of industry in proportion to their efficiency. This idea is in process of realization through various forms of co-operative organization and profit sharing. Industrial partnership instituted by capitalist employers, and co-operation instituted by capital owning workmen, work toward the same result from different directions. Each has its own proper field and each will probably acquire increasing prominence in social economy.

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TITLE